DEPARTMENT OF THE NAVY
FISCAL YEAR (FY) 2004/2005
BIENNIAL BUDGET ESTIMATES

JUSTIFICATION OF ESTIMATES
FEBRUARY 2003

AIRCRAFT PROCUREMENT, NAVY
Volume I:
BUDGET ACTIVITIES 1-4

APPROPRIATION: 1506N Aircraft Procurement, Navy DATE: February 2003

LINE NO	ITEM NOMENCLATURE	IDENT CODE	(DOLLARS) FY 2004 UNIT COST	TOA, $ IN MILLIONS -----FY 2002---- QUANTITY	COST	-----FY 2003---- QUANTITY	COST	-----FY 2004---- QUANTITY	COST	-----FY 2005---- QUANTITY	COST	S E C
BUDGET ACTIVITY 01: Combat Aircraft												
Combat Aircraft												
1 0124	AV-8B (V/STOL)Harrier (MYP)	A			-		5.8		12.5		4.7	U
2 0145	F/A-18E/F/G (Fighter) Hornet	B	72,716,476	48	3,124.6	46	3,232.8	42	3,054.1	42	2,980.1	U
	Less: Advance Procurement (PY)				-112.4		-110.3		-107.7		-84.8	
					3,012.2		3,122.5		2,946.4		2,895.3	
3 0145	F/A-18E/F/G (Fighter) Hornet	B										U
	Advance Procurement (CY)				88.1		85.6		84.8		86.5	U
	(FY 2002 for 2003) (MEMO)				88.1		-		-		-	
	(FY 2003 for 2004) (MEMO)				-		85.6		-		-	
	(FY 2004 for 2005) (MEMO)				-		-		84.8		-	
	(FY 2005 for 2006) (MEMO)				-		-		-		86.5	
4 0147	Joint Strike Fighter											U
	Advance Procurement (CY)				-		-		-		48.7	U
	(FY 2005 for 2006) (MEMO)				-		-		-		48.7	
5 0164	V-22 (Medium Lift)	B	97,116,111	9	839.6	11	1,048.2	9	874.0	8	799.6	U
	Less: Advance Procurement (PY)				-71.2		-36.3		-40.9		-39.1	
					768.4		1,011.9		833.1		760.6	
6 0164	V-22 (Medium Lift)	B										U
	Advance Procurement (CY)				36.3		40.9		39.1		83.7	U
	(FY 2002 for 2003) (MEMO)				36.3		-		-		-	
	(FY 2003 for 2004) (MEMO)				-		40.9		-		-	
	(FY 2004 for 2005) (MEMO)				-		-		39.1		-	
	(FY 2005 for 2006) (MEMO)				-		-		-		83.7	
7 0165	AH-1W (Helicopter) Sea Cobra	A			1.1		-		-		-	U
8 0178	UH-1Y/AH-1Z		34,533,222		-		-	9	310.8	7	200.4	U
9 0179	MH-60S (MYP)		31,838,154	13	182.2	15	344.7	13	413.9	15	391.4	U
	Less: Advance Procurement (PY)				-		-69.3		-77.4		-95.0	
					182.2		275.4		336.5		296.4	

APPROPRIATION: 1506N Aircraft Procurement, Navy DATE: February 2003

LINE NO	ITEM NOMENCLATURE	IDENT CODE	(DOLLARS) FY 2004 UNIT COST	TOA, $ IN MILLIONS -----FY 2002---- QUANTITY	COST	-----FY 2003---- QUANTITY	COST	-----FY 2004---- QUANTITY	COST	-----FY 2005---- QUANTITY	COST	S E C
10	0179 MH-60S (MYP)											U
	Advance Procurement (CY)				69.3		77.4		95.0		105.4	U
	(FY 2002 for 2003) (MEMO)				69.3		-		-		-	
	(FY 2003 for 2004) (MEMO)				-		77.4		-		-	
	(FY 2004 for 2005) (MEMO)				-		-		95.0		-	
	(FY 2005 for 2006) (MEMO)				-		-		-		105.4	
11	0182 MH-60R		63,453,833		14.4		88.3	6	380.7	10	407.5	U
	Less: Advance Procurement (PY)				-		-		-28.7		-46.5	
					14.4		88.3		352.1		361.0	
12	0182 MH-60R											U
	Advance Procurement (CY)				-		28.7		46.5		70.7	U
	(FY 2003 for 2004) (MEMO)				-		28.7		-		-	
	(FY 2004 for 2005) (MEMO)				-		-		46.5		-	
	(FY 2005 for 2006) (MEMO)				-		-		-		70.7	
13	0195 E-2C (Early Warning) Hawkeye	A	119,031,500	5	379.8	5	425.9	2	238.1	2	245.4	U
	Less: Advance Procurement (PY)				-139.9		-164.9		-27.0		-17.4	
					239.9		261.0		211.1		228.0	
14	0195 E-2C (Early Warning) Hawkeye	A										U
	Advance Procurement (CY)				33.7		27.0		17.4		18.1	U
	(FY 2002 for 2003) (MEMO)				33.7		-		-		-	
	(FY 2003 for 2004) (MEMO)				-		27.0		-		-	
	(FY 2004 for 2005) (MEMO)				-		-		17.4		-	
	(FY 2005 for 2006) (MEMO)				-		-		-		18.1	
TOTAL	Combat Aircraft				4,445.7		5,024.3		5,285.1		5,159.6	

Department of the Navy

FY 2004/2005 Procurement Program — Exhibit P-1

APPROPRIATION: 1506N Aircraft Procurement, Navy — DATE: February 2003

LINE NO	ITEM NOMENCLATURE	IDENT CODE	(DOLLARS) FY 2004 UNIT COST	TOA, $ IN MILLIONS FY 2002 QUANTITY	FY 2002 COST	FY 2003 QUANTITY	FY 2003 COST	FY 2004 QUANTITY	FY 2004 COST	FY 2005 QUANTITY	FY 2005 COST	S E C
	BUDGET ACTIVITY 02: Airlift Aircraft											
	Airlift Aircraft											
15	0240 MH-60S (MYP)				70.7		-		-		-	U
	Less: Advance Procurement (PY)				-70.7		-		-		-	
					-		-		-		-	
16	0244 UC-35	B	7,789,500	1	7.4	1	8.1	2	15.6		-	U
17	0246 C-40A	A	63,952,000		-	1	61.6	1	64.0	1	65.4	U
18	0248 C-37	A			-		-		-	1	53.5	U
	TOTAL Airlift Aircraft				7.4		69.7		79.5		118.9	

Department of the Navy

FY 2004/2005 Procurement Program — Exhibit P-1

APPROPRIATION: 1506N Aircraft Procurement, Navy — DATE: February 2003

LINE NO	ITEM NOMENCLATURE	IDENT CODE	(DOLLARS) FY 2004 UNIT COST	TOA, $ IN MILLIONS FY 2002 QUANTITY	FY 2002 COST	FY 2003 QUANTITY	FY 2003 COST	FY 2004 QUANTITY	FY 2004 COST	FY 2005 QUANTITY	FY 2005 COST	S E C
	BUDGET ACTIVITY 03: Trainer Aircraft											
	Trainer Aircraft											
19	0328 T-39		22,018,000		-		-	1	22.0	2	74.7	U
20	0338 T-45TS (Trainer) Goshawk	A	22,613,400	6	185.7	8	214.1	15	339.2	8	237.4	U
	Less: Advance Procurement (PY)				-5.1		-		-		-	
					180.6		214.1		339.2		237.4	
21	0339 JPATS	B		7	30.3	4	27.6		2.4		2.5	U
	TOTAL Trainer Aircraft				210.9		241.7		363.6		314.6	

Department of the Navy

FY 2004/2005 Procurement Program — Exhibit P-1

APPROPRIATION: 1506N Aircraft Procurement, Navy — DATE: February 2003

LINE NO	ITEM NOMENCLATURE	IDENT CODE	(DOLLARS) FY 2004 UNIT COST	TOA, $ IN MILLIONS FY 2002 QUANTITY	FY 2002 COST	FY 2003 QUANTITY	FY 2003 COST	FY 2004 QUANTITY	FY 2004 COST	FY 2005 QUANTITY	FY 2005 COST	S E C
	BUDGET ACTIVITY 04: Other Aircraft											
	Other Aircraft											
22	0416 KC-130J	B		2	154.9	4	299.7		39.2	4	312.4	U
	Less: Advance Procurement (PY)				-		-		-		-42.4	
					154.9		299.7		39.2		270.0	
23	0416 KC-130J	B										U
	Advance Procurement (CY)				-		8.4		40.0		38.9	U
	(FY 2003 for 2005) (MEMO)				-		2.4		-		-	
	(FY 2003 for 2006) (MEMO)				-		2.0		-		-	
	(FY 2003 for 2007) (MEMO)				-		2.0		-		-	
	(FY 2003 for 2008) (MEMO)				-		2.0		-		-	
	(FY 2004 for 2005) (MEMO)				-		-		40.0		-	
	(FY 2005 for 2006) (MEMO)				-		-		-		38.9	
24	0417 F-5	B	486,750		-	4	2.0	4	1.9	4	1.9	U
	TOTAL Other Aircraft				154.9		310.1		81.1		310.9	

Fiscal Year 2004/2005 Budget Estimates
Budget Appendix Extract Language

AIRCRAFT PROCUREMENT, NAVY (APN)

For construction, procurement, production, modification, and modernization of aircraft, equipment, including ordnance, spare parts, and accessories therefor; specialized equipment; expansion of public and private plants, including the land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway, **[**$8,812,855,000**]** *$8,788,148,000*, to remain available for obligation until September 30, **[**2005**]** *2006, of which $80,225,000 shall be for the Navy Reserve and the Marine Corps Reserve*. *(10 U.S.C. 5013, 5063, 7201, 7341; Department of Defense Appropriations Act, 2003.)*

CLASSIFICATION: UNCLASSIFIED

BUDGET ITEM JUSTIFICATION SHEET
P-40

DATE: **FEB 2003**

APPROPRIATION/BUDGET ACTIVITY
Aircraft Procurement, Navy **Budget Activity 1**

P-1 ITEM NOMENCLATURE
AV-8B Remanufacture (MYP)

Program Element for Code B Items:

Other Related Program Elements

	Prior Years	ID Code	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	To Complete	Total Program
QUANTITY	74											74
Net P-1 Cost ($M)	1,871.861	A		5.817	12.493	4.725	1.836					1,896.732
Advance Proc ($M)	189.016	A										189.016
Wpn Sys Cost ($M)	2,060.876	A		5.817	12.493	4.725	1.836					2,085.747
Initial Spares ($M)	83.419	A	0.007									83.426
Proc Cost ($M)	2,144.295		0.007	5.817	12.493	4.725	1.836					2,169.173
Unit Cost ($M)	28.977											29.313

Description:

MISSION: The AV-8B meets the Marine Corps requirements for a light attack aircraft to provide responsive offensive air power that can operate from austere forward bases in direct support of ground forces.

DESCRIPTION: The AV-8B Remanufacture program converts older AV-8B day attack configured aircraft to the most recent production radar/night attack Harrier II Plus configuration. The AV-8B (Harrier II) is a second generation, vertical/short takeoff and landing (V/STOL), light attack jet aircraft utilized by the USMC. The AV-8B is a responsive, versatile, and dispersible aircraft capable of being operated from air-capable ships and/or ashore in support of marine operations. FY03 through FY06 funding will implement shutdown actions that will purposefully preserve elements essential to regenerating T/AV-8B products or services while allowing the current production activities to cease. This effort will identify the tooling, special test equipment and data required to support sustainment capabilities in manufacturing and fabrication processes.

BASIS FOR REQUEST: $12.493 million is requested in FY 2004 for AV-8B Production Line Shutdown/Transition.

Date: FEB 2003

AIRCRAFT COST ANALYSIS

P-5 Cost Sheet

Aircraft model: AV-8B

$ in thousands

		Prior Years	FY 2002 Qty: 0		FY 2003 Qty: 0		FY 2004 Qty: 0		FY 2005 Qty: 0	
		Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost
1	Airframe CFE	1,231,803.088	0	0	0	0	0	0	0	0
2	CFE Electronics	0	0	0	0	0	0	0	0	0
3	GFE Electronics	46,097.891	0	0	0	0	0	0	0	0
4	Engines/Eng Acc	292,022.692	0	0	0	0	0	0	0	0
5	Armament	0	0	0	0	0	0	0	0	0
6	Other GFE	57,430.399	0	0	0	0	0	0	0	0
7	Rec Flyaway ECO	0	0	0	0	0	0	0	0	0
8	Rec Flyaway Cost	1,627,354.070	0	0	0	0	0	0	0	0
9	Non-Recur Cost	30,903.623		0		5,817.000		12,493.000		4,725.000
10	Ancillary Equip	0		0		0		0		0
11										
12	Total Flyaway	1,658,257.693	0	0	0	5,817.000	0	12,493.000	0	4,725.000
13	Airframe PGSE	48,780.009		0		0		0		0
14	Engine PGSE	8,972.920		0		0		0		0
15	Avionics PGSE	93,083.810		0		0		0		0
16	Pec Trng Eq	55,062.301		0		0		0		0
17	Pub/Tech Eq	21,451.645		0		0		0		0
18	Prod Eng Supt	122,617.598		0		0		0		0
19	ILS/REL Dem	52,650.312		0		0		0		0
20				0		0		0		0
21	Support Cost	402,618.594		0		0		0		0
22	Gross P-1 Cost	2,060,876.287		0		5,817.000		12,493.000		4,725.000
23	Adv Proc Credit	-189,015.603		0		0		0		0
24	Net P-1 Cost	1,871,860.684		0		5,817.000		12,493.000		4,725.000
25	Adv Proc CY	189,015.603		0		0		0		0
26	Weapon System Cost	2,060,876.287		0		5,817.000		12,493.000		4,725.000
27	Initial Spares	83,419.000		7.000				0		0
28	Procurement Cost	2,144,295.287		7.000		5,817.000		12,493.000		4,725.000

PRODUCTION SCHEDULE | DATE February 2003

APPROPRIATION/BUDGET ACTIVITY: **AIRCRAFT PROCUREMENT NAVY** | Weapon System: **AV-8B** | P-1 ITEM NOMENCLATURE: **AV-8B AIRFRAME**

Item	Manufacturer's Name and Location	Production Rate MSR	ECON	MAX	Procurement Leadtimes ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
AV-8B REMANUFACTURE	Boeing, St Louis	8	12	24	0	2		32	34	

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2002												FISCAL YEAR 2003												BAL
						2001			CALENDAR YEAR 2002									CALENDAR YEAR 2003												
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
FY 00 REMANUFACTURE	00	N	11	1	10		2		1	1	3	1	1	1																
FY 01 REMANUFACTURE	01	N	12	0	12											1	1	1	1	1	1	1	1	1			1	1		

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2004												FISCAL YEAR 2005												BAL
						2003			CALENDAR YEAR 2004									CALENDAR YEAR 2005												
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	

PRODUCTION SCHEDULE			DATE February 2003		
APPROPRIATION/BUDGET ACTIVITY **AIRCRAFT PROCUREMENT, NAVY**		Weapon System **AV-8B**	P-1 ITEM NOMENCLATURE **AV-8B ENGINES**		
		Production Rate		Procurement Leadtimes	

Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
AV-8B REMANUFACTURE	ROLLS-ROYCE, LTD	8	8	20	9	2		24	26	
ENGINES	BRISTOL, ENGLAND									

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2002												FISCAL YEAR 2003												BAL
						2001			CALENDAR YEAR 2002									CALENDAR YEAR 2003												
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
FY 00 INSTALLS	00	N	11	10	1	1																								
FY 01 INSTALLS	01	N	12	0	12		1	1	1	1	1	1	1	1	1	1					2									

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2004												FISCAL YEAR 2005												BAL
						2003			CALENDAR YEAR 2004									CALENDAR YEAR 2005												
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	

BUDGET ITEM JUSTIFICATION SHEET P-40											DATE: FEBRUARY 2003	
APPROPRIATION/BUDGET ACTIVITY: Aircraft Procurement, Navy/ Combat Aircraft, (BA-1)							P-1 ITEM NOMENCLATURE: F/A-18E/F/G (FIGHTER) HORNET (MYP)					
Program Element for Code B Items: 0204136N							Other Related Program Elements: 0305207N, 0604270N					
	Prior Years	ID Code	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	To Complete	Total Program
QUANTITY	137		48	45*	42	42	42	42	42	42	70	552
Net P-1 Cost ($M)	$11,889.032	A	$3,012.213	$3,122.493	$2,946.380	$2,895.333	$3,026.133	$3,207.010	$3,298.294	$3,243.515	$5,549.812	$42,190.214
Advance Proc ($M)	$926.569	A	$88.102	$85.552	$84.765	$86.549	$92.721	$92.481	$92.790	$95.880	$48.358	$1,693.768
Wpn Sys Cost ($M)	$12,815.601	A	$3,100.315	$3,208.045	$3,031.145	$2,981.882	$3,118.854	$3,299.491	$3,391.084	$3,339.395	$5,598.170	$43,883.982
Initial Spares ($M)	$449.276	A	$184.366	$47.837	$88.614	$60.234	$90.357	$84.393	$95.533	$86.539	$115.395	$1,302.544
Proc Cost ($M)	$13,264.877	A	$3,284.681	$3,255.882	$3,119.759	$3,042.116	$3,209.211	$3,383.884	$3,486.617	$3,425.934	$5,713.565	$45,186.526
Unit Cost ($M)			$68.431	$72.353	$74.280	$72.431	$76.410	$80.569	$83.015	$81.570	$81.622	$81.860

DESCRIPTION:

The F/A-18E/F Naval Strike Fighter is a twin-engine, mid-wing, multi-mission tactical aircraft. F/A-18E/F can be missionized through selected use of external equipment to accomplish specific fighter or attack missions. This capability allows the Operational Commander more flexibility in employing his tactical aircraft in a dynamic scenario. The primary design mission for the F/A-18 E/F is a strike fighter which includes the traditional applications, such as fighter escort and fleet air defense, combined with the attack applications, such as interdiction and close air support. Since the same airframe systems are used on attack missions as well as fighter missions, excellent fighter and self defense capability is retained.

The Navy has chosen the EA-18G as its follow-on Airborne Electronic Attack aircraft to replace the aging EA-6B. The recently completed Airborne Electronic Attack Analysis of Alternatives (AEA AOA) clearly identified the need for Airborne Electronic Attack through 2030. The EA-18G is the lowest risk option available to the Navy that minimizes capability gap as the current EA-6B becomes increasingly unsupportable. The current inventory objective is 90 aircraft, with 56 planned in the FYDP. Current PAA of 4 aircraft per VAQ squadron will be increased to 5- TO 6 aircraft per squadron with the IOC of the EA-18G. As the role of Information Operations/Warfare evolves, additional EA-18G requirements may be identified.

BASIS FOR FY 2004 BUDGET REQUEST:

Funding is requested to procure 42 aircraft in FY 2004. Additionally, FY2004 includes $100M for Cost Reduction Initiatives that will yield savings across all remaining aircraft buys. This is the fifth year of a planned five year (FY00-FY04) multiyear procurement (MYP) and the third year of a planned five year (FY02-06) engine MYP.

MYP exhibits are submitted for a follow-on MYP contract from FY05-FY09, which will have FY04 long lead funding (no EOQ). The FY05-FY09 planned MYP is based on an aircraft quantity of 210, which includes 154 F/A-18E/F in FY05-FY09 and 56 EA-18G in FY06-FY09.

***FY 03 quantity reduced from 46 to 45 aircraft to support ancillary Equipment.**

Exhibit P-5 Cost Analysis (Page 1)	Weapon System: F/A-18E/F & EA-18G	DATE: FEBRUARY 2003
APPROPRIATION/BUDGET ACTIVITY: Aircraft Procurement, Navy/ Combat Aircraft, (BA-1)	ID Code: A	P-1 ITEM NOMENCLATURE/SUBHEAD: F/A-18E/F/G (FIGHTER) HORNET (MYP)

COST CODE	ELEMENT OF COST	TOTAL COST IN DOLLARS								
		Prior Years	FY 2002		FY 2003		FY 2004		FY 2005	
		Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost
	Quantity	137		48		45		42		42
1	Airframe/CFE	6,984,514.155	35,536.629	1,705,758.199	37,092.571	1,669,165.681	37,453.188	1,573,033.916	36,215.378	1,521,045.875
2	CFE Electronics	749,571.348	4,999.195	239,961.342	5,114.245	230,141.015	4,852.311	203,797.065	4,522.003	189,924.125
3	GFE Electronics	369,196.213	2,553.378	122,562.162	3,144.334	141,495.050	3,394.809	142,581.989	3,666.764	154,004.096
4	Engines/Eng Acc	1,262,800.455	7,708.243	369,995.676	7,677.224	345,475.064	7,648.248	321,226.424	7,682.879	322,680.922
5	Armament	12,723.529	237.000	11,376.000	241.787	10,880.422	246.865	10,368.317	252.049	10,586.052
6	Other GFE	64,000.391	436.778	20,965.367	512.624	23,068.100	508.187	21,343.873	518.290	21,768.178
7	Rec Flyaway ECO	197,495.153	793.019	38,064.918	844.134	37,986.029	846.118	35,536.943	814.744	34,219.234
8	Rec Flyaway Cost	9,640,301.244	52,264.243	2,508,683.664	54,626.919	2,458,211.362	54,949.727	2,307,888.526	53,672.107	2,254,228.482
9	Non-Recur Cost	702,280.630		62,743.074		60,868.792		150,953.863		54,626.998
10	Ancillary Equip	434,363.468		198,161.258		285,216.893		283,370.699		368,314.206
11	Other	0		0		0		0		0
12	Total Flyaway	10,776,945.342	57,699.750	2,769,587.996	62,432.312	2,804,297.047	65,290.788	2,742,213.088	63,742.135	2,677,169.686
13	Airframe PGSE	188,594.075		17,257.931		8,776.227		15,782.818		5,299.041
14	Engine PGSE	76,367.239		13,369.201		4,853.254		6,147.917		1,909.834
15	Avionics PGSE	135,394.741		32,078.167		38,520.638		42,586.080		31,679.678
16	Pec Trng Eq	312,790.838		28,282.709		69,945.421		31,074.886		21,023.304
17	Pub/Tech Eq	188,937.920		29,905.014		29,700.584		23,143.938		21,621.095
18	Prod Eng Supt	547,054.724		162,813.576		178,124.264		97,092.020		117,915.838
19	Other ILS	432,834.864		71,269.495		98,547.733		96,051.254		103,479.525
20		0		0		0		0		0
21	Support Cost	1,881,974.401		354,976.093		428,468.120		311,878.913		302,928.314
22	Gross P-1 Cost	12,658,919.743		3,124,564.089		3,232,765.168		3,054,092.001		2,980,098.000
23	Adv Proc Credit	-769,887.998		-112,351.089		-110,272.168		-107,712.001		-84,765.000
24	Net P-1 Cost	11,889,031.744		3,012,213.000		3,122,493.000		2,946,380.000		2,895,333.000
25	Adv Proc CY	926,569.256		88,102.000		85,552.000		84,765.000		86,549.000
26	Wpn Syst Cost	12,815,601.000		3,100,315.000		3,208,045.000		3,031,145.000		2,981,882.000
27	Initial Spares	449,276.000		184,366.000		47,837.000		88,614.000		60,234.000
28	**Procurement Cost**	13,264,877.000		3,284,681.000		3,255,882.000		3,119,759.000		3,042,116.000

Note: FY05-FY09 is based on a follow-on multiyear procurement with $100M CRI Investment in FY04 and a total aircraft quantity of 210, which includes F/A-18E/F and EA-18G.

CLASSIFICATION: **UNCLASSIFIED**

BUDGET PROCUREMENT HISTORY AND PLANNING EXHIBIT (P-5A)						Weapon System: F/A-18E/F & EA-18G		A. DATE: February 2003		
B. APPROPRIATION/BUDGET ACTIVITY: Aircraft Procurement, Navy/ Combat Aircraft, (BA-1)					C. P-1 ITEM NOMENCLATURE: F/A-18E/F/G (FIGHTER) HORNET (MYP)				SUBHEAD: Y1CF	
Cost Element/ FISCAL YEAR	QUANTITY	UNIT COST ($000)	LOCATION OF PCO	RFP ISSUE DATE	CONTRACT METHOD & TYPE	CONTRACTOR AND LOCATION	AWARD DATE	DATE OF FIRST DELIVERY	TECH DATA AVAILABLE NOW ?	DATE REVISIONS AVAILABLE
AIRFRAME/CFE										
FY 2002	48	40,535.824	NAVAIR	N/A	MYP/SS/FPIF	MDA, St Louis, MO	Feb-02	Oct-03	Yes	
FY02 for FY03 AP			NAVAIR	N/A	MYP/SS/FPIF	MDA, St Louis, MO	Feb-02		Yes	
FY 2003	45	42,206.816	NAVAIR	N/A	MYP/SS/FPIF	MDA, St Louis, MO	Nov-02	Oct-04	Yes	
FY03 for FY04 AP			NAVAIR	N/A	MYP/SS/FPIF	MDA, St Louis, MO	Nov-02		Yes	
FY 2004	42	42,305.499	NAVAIR	N/A	MYP/SS/FPIF	MDA, St Louis, MO	Nov-03	Oct-05	Yes	
FY04 for FY05 AP			NAVAIR	Mar-03	MYP/SS/FFP	MDA, St Louis, MO	Nov-03		Yes	
FY 2005	42	40,737.381	NAVAIR	Mar-03	MYP/SS/FFP	MDA, St Louis, MO	Nov-04	Oct-06	Yes	
FY05 for FY06 AP			NAVAIR	N/A	MYP/SS/FFP	MDA, St Louis, MO	Nov-04		Yes	

D. REMARKS

FY05 pricing is based on an FY05-FY09 Multi-Year Procurement.
FY05 and FY06 advanced procurement is for Termination Liability only. No Economic Order Quantity funding is requested.

BUDGET PROCUREMENT HISTORY AND PLANNING EXHIBIT (P-5A)					Weapon System: F/A-18E/F & EA-18G			A. DATE: FEBRUARY 2003		
B. APPROPRIATION/BUDGET ACTIVITY: Aircraft Procurement, Navy/ Combat Aircraft, (BA-1)					C. P-1 ITEM NOMENCLATURE: F/A-18E/F/G (FIGHTER) HORNET (MYP)				SUBHEAD: Y1CF	
Cost Element/ FISCAL YEAR	QUANTITY	UNIT COST ($000)	LOCATION OF PCO	RFP ISSUE DATE	CONTRACT METHOD & TYPE	CONTRACTOR AND LOCATION	AWARD DATE	DATE OF FIRST DELIVERY	TECH DATA AVAILABLE NOW ?	DATE REVISIONS AVAILABLE
F-414-GE-400 ENGINE (2 PER A/C)										
FY 2002	96	3,854.122	NAVAIR	N/A	MYP/SS/FFP	G.E. LYNN, MA	Jul-02	Jun-03	Yes	
FY02 for FY03 AP			NAVAIR	N/A	MYP/SS/FFP	G.E. LYNN, MA	Jul-02		Yes	
FY 2003	90	3,838.612	NAVAIR	N/A	MYP/SS/FFP	G.E. LYNN, MA	Jun-03	Jun-04	Yes	
FY03 for FY04 AP			NAVAIR	N/A	MYP/SS/FFP	G.E. LYNN, MA	Jun-03		Yes	
FY 2004	84	3,824.124	NAVAIR	N/A	MYP/SS/FFP	G.E. LYNN, MA	Jun-04	Jun-05	Yes	
FY04 for FY05 AP			NAVAIR	N/A	MYP/SS/FFP	G.E. LYNN, MA	Jun-04		Yes	
FY 2005	84	3,841.440	NAVAIR	N/A	MYP/SS/FFP	G.E. LYNN, MA	Jun-05	Jun-06	Yes	
FY05 for FY06 AP			NAVAIR	N/A	MYP/SS/FFP	G.E. LYNN, MA	Jun-05		Yes	

D. REMARKS

FY 2004/2005 BUDGET PRODUCTION SCHEDULE, P-21			Date	FEBRUARY 2003
Appropriation/Budget Activity **Aircraft Procurement, Navy/ Combat Aircraft, (BA-1)**		Weapon System **F/A-18E/F & EA-18G**	P-1 Item Nomenclature **F/A-18E/F/G (FIGHTER) HORNET (MYP)**	

		PRODUCTION RATE			Procurement Leadtimes					
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
F/A-18E/F & EA-18G	McDonnell Douglas Aerospace	**42**	**48**	**72**	**0**	**2**	**33**	**35**	**37**	**E**
	McDonnell Douglas Corp. (Boeing)									
	St. Louis, MO. 63165									

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2002												FISCAL YEAR 2003												BAL
						2001			CALENDAR YEAR 2002												CALENDAR YEAR 2003									
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
F/A-18E	00	N	15	0	15	1	2	1	2	1	2	1	1	1	1	1	1													0
F/A-18F	00	N	21	0	21	2	1	2	1	2	1	2	2	2	2	2	2													0
F/A-18E	01	N	14	0	14													1	1	1	1	1	1	2	1	1	2	1	1	0
F/A-18F	01	N	25	0	25													2	2	2	2	2	2	2	3	2	2	2	2	0

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2004												FISCAL YEAR 2005												BAL
						2003			CALENDAR YEAR 2004												CALENDAR YEAR 2005									
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
F/A-18E	02	N	29	0	29	2	2	3	2	3	2	3	2	3	2	3	2													0
F/A-18F	02	N	19	0	19	2	2	1	2	1	2	1	2	1	2	1	2													0
F/A-18E	03	N	12	0	12													1	1	1	1	1	1	1	1	1	1	1	1	0
F/A-18F	03	N	33	0	33													3	3	3	3	3	2	2	3	3	3	2	3	0

Remarks:

FY 2004/2005 BUDGET PRODUCTION SCHEDULE, P-21						Date FEBRUARY 2003
Appropriation/Budget Activity Aircraft Procurement, Navy/ Combat Aircraft, (BA-1)			Weapon System F/A-18E/F & EA-18G			P-1 Item Nomenclature F/A-18E/F/G (FIGHTER) HORNET (MYP)

		Production Rate			Procurement Leadtimes					
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
F/A-18E/F	McDonnell Douglas Aerospace	**42**	**48**	**72**	**0**	**2**	**33**	**35**	**37**	**E**
	McDonnell Douglas Corp. (Boeing)									
	St. Louis, MO. 63165									

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2006												FISCAL YEAR 2007										BAL
						2005			CALENDAR YEAR 2006										CALENDAR YEAR 2007										
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
F/A-18E	04	N	15	0	15	1	1	1	1	1	1	2	1	2	1	1	2												0
F/A-18F	04	N	27	0	27	2	2	3	2	3	2	2	2	2	2	3	2												0
F/A-18E	05	N	15	0	15													1	1	2	2	1	1	2	1	1	1	1	1	0
F/A-18F	05	N	27	0	27													2	2	2	2	2	3	2	2	2	3	2	3	0

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2008												FISCAL YEAR 2009										BAL
						2007			CALENDAR YEAR 2008										CALENDAR YEAR 2009										
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	

Remarks:

FY 2004/2005 BUDGET PRODUCTION SCHEDULE, P-21 DATE **FEBRUARY 2003**

APPROPRIATION/BUDGET ACTIVITY	Weapon System	P-1 ITEM NOMENCLATURE
Aircraft Procurement, Navy/ Combat Aircraft, (BA-1)	**F/A-18E/F & EA-18G**	**F/A-18E/F/G (FIGHTER) HORNET (MYP)**

		Production Rate			Procurement Leadtimes					
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
F414-GE-400 ENGINE	**GENERAL ELECTRIC CO**	**84**	**120**	**144**	**0**	**9**	**27**	**24**	**33**	**E**
(F/A18 AIRCRAFT)	**LYNN, MA**									

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	BAL
						FISCAL YEAR 2002												FISCAL YEAR 2003												
						2001			CALENDAR YEAR 2002												CALENDAR YEAR 2003									
INSTALLS - FY00	00	N	72	24	48	6	6	6	6	6	6	6	6																	0
SPARES	00	N	5	1	4		1		1		1		1																	0
INSTALLS - FY01	01	N	78	0	78									6	7	7	7	7	7	7	6	6	6	6	6					0
SPARES	01	N	8	0	8									1	1	1	1	1	1	1	1									0
INSTALLS - FY02	02	N	96	0	96																					8	8	8	8	64
SPARES	02	N	13	0	13																							1	1	11

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	BAL
						FISCAL YEAR 2004												FISCAL YEAR 2005												
						2003			CALENDAR YEAR 2004												CALENDAR YEAR 2005									
INSTALLS - FY02	02	N	96	32	64	8	8	8	8	8	8	8	8																	0
SPARES	02	N	13	2	11	1	1	1	2	2	2	1	1																	0
INSTALLS - FY03	03	N	90	0	90									7	7	7	8	8	8	7	8	7	8	7	8					0
SPARES	03	N	6	0	6									1		1		1		1		1		1						0
INSTALLS - FY04	04	N	84	0	84																					7	7	7	7	56
SPARES	04	N	7	0	7																					1		1		5

Remarks:

Exhibit P-21, Production Schedule

FY 2004/2005 BUDGET PRODUCTION SCHEDULE, P-21						DATE FEBRUARY 2003					
APPROPRIATION/BUDGET ACTIVITY				Weapon System		P-1 ITEM NOMENCLATURE					
Aircraft Procurement, Navy/ Combat Aircraft, (BA-1)				F/A-18E/F & EA-18G		F/A-18E/F/G (FIGHTER) HORNET (MYP)					
		Production Rate			Procurement Leadtimes						
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure	
F414-GE-400 ENGINE	GENERAL ELECTRIC CO	84	120	144	0	9	27	24	33	E	
(F/A18 AIRCRAFT)	LYNN, MA										

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2006												FISCAL YEAR 2007												BAL
						2005			CALENDAR YEAR 2006										CALENDAR YEAR 2007												
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
INSTALLS - FY04	04	N	84	28	56	7	7	7	7	7	7	7	7																	0
SPARES	04	N	7	2	5	1		1		1		1	1																	0
INSTALLS - FY05	05	N	84	0	84									7	7	7	7	7	7	7	7	7	7	7	7					0
SPARES	05	N	7	0	7									1		1		1		1		1		1	1					0

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2008												FISCAL YEAR 2009												BAL
						2007			CALENDAR YEAR 2008										CALENDAR YEAR 2009												
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	

Remarks:

BUDGET ITEM JUSTIFICATION SHEET **P-40**							DATE: **FEBRUARY 2003**					
APPROPRIATION/BUDGET ACTIVITY **Aircraft Procurement, Navy/ Combat Aircraft, (BA-1)**							P-1 ITEM NOMENCLATURE **F/A-18E/F/G ADVANCE PROCUREMENT (MYP)**					
Program Element for Code B items: **0204136N**							Other Related Program Elements **0305207N, 0604270N**					
	Prior Years	ID Code	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	To Complete	Total
COST (In Millions)	**$926.569**	**A**	**$88.102**	**$85.552**	**$84.765**	**$86.549**	**$92.721**	**$92.481**	**$92.790**	**$95.880**	**$48.358**	**$1,693.768**

MISSION AND DESCRIPTION:

The F/A-18E/F Naval Strike Fighter is a twin-engine, mid-wing, multi-mission tactical aircraft. F/A-18E/F can be missionized through selected use of external equipment to accomplish specific fighter or attack missions. This capability allows the Operational Commander more flexibility in employing his tactical aircraft in a dynamic scenario. The primary design mission for the F/A-18 E/F is a strike fighter which includes the traditional applications, such as fighter escort and fleet air defense, combined with the attack applications, such as interdiction and close air support. Since the same airframe systems are used on attack missions as well as fighter missions, excellent fighter and self defense capability is retained.

The Navy has chosen the EA-18G as its follow-on Airborne Electronic Attack aircraft to replace the aging EA-6B. The recently completed Airborne Electronic Attack Analysis of Alternatives (AEA AOA) clearly identified the need for Airborne Electronic Attack through 2030. The EA-18G is the lowest risk option available to the Navy that minimizes capability gap as the current EA-6B becomes increasingly unsupportable. The current inventory objective is 90 aircraft, with 56 planned in the FYDP. Current PAA of 4 aircraft per VAQ squadron will be increased to 5- TO 6 aircraft per squadron with the IOC of the EA-18G. As the role of Information Operations/Warfare evolves, additional EA-18G requirements may be identified.

BASIS FOR FY 2004 BUDGET REQUEST:

Funding is requested to procure 42 aircraft in FY 2004. Additionally, FY2004 includes $100M for Cost Reduction Initiatives that will yield savings across all remaining aircraft buys. This is the fifth year of a planned five year (FY00-FY04) multiyear procurement (MYP) and the third year of a planned five year (FY02-06) engine MYP.

MYP exhibits are submitted for a follow-on MYP contract from FY05-FY09, which will have FY04 long lead funding (no EOQ). The FY05-FY09 planned MYP is based on an aircraft quantity of 210, which includes 154 F/A-18E/F in FY05-FY09 and 56 EA-18G in FY06-FY09.

Exhibit P-10 Advance Procurement Requirements Analysis (Page 1 - Funding)					Date: **FEBRUARY 2003**							
Appropriation (Treas) Code/CC/BA/BSA/Item Control Number **Aircraft Procurement, Navy/APN-1, Fighter/Attack Aircraft**					P-1 Line Item Nomenclature **F/A-18E/F/G ADVANCE PROCUREMENT (MYP)**							
Weapon System **F/A-18E/F & EA-18G**			First System (BY1) Award Date		Interval between Systems **1 1/2 Weeks**							
($ in Millions)												
	PLT	When Rqd	Prior Years	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	To Complete	Total
End Item Qty			137	48	45	42	42						
CFE- Airframe T.L.	35		536.8			66.5	67.8						
EOQ/Long lead													
FOR FY 2000													
FOR FY 2001 Long Lead			70.0										
FOR FY 2001 EOQ			16.5										
FOR FY 2002 Long Lead			74.7										
FOR FY 2002 EOQ			22.2										
FOR FY 2003 Long Lead				69.1									
FOR FY 2003 EOQ			22.2										
FOR FY 2004 Long Lead					67.8								
FOR FY 2004 EOQ			22.2										
TOTAL EOQ/Long Lead	Var.	Var.	227.8	69.1	67.8	0.0	0.0						
GFE - F414 Eng.- T.L.	24		155.4	18.4	17.2	17.3	17.7						
GFE - Other	Var.	Var.	6.6	0.6	0.5	1.0	1.1						
Total AP			926.6	88.1	85.6	84.8	86.5						

Description:

NARRATIVE DESCRIPTION:

This line item funds EOQ requirements for the current MYP and long-lead requirements for the F/A-18E/F production program. Airframe /CFE and engine requirements are calculated on a termination liability basis through 31 October of the following fiscal year, reflecting the contractor's funding requirements for the procurement of long-lead parts and material necessary to protect the delivery schedule. Other Government Furnished Equipment (GFE) requirements are determined on a fully loaded basis, procuring the long-lead quantity needed to protect the production schedule.

CLASSIFICATION:

UNCLASSIFIED

Exhibit P-10 Advance Procurement Requirements Analysis (Page 2 - Budget Justification)							Date: **FEBRUARY 2003**		
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number **Aircraft Procurement, Navy/APN-1, Fighter/Attack Aircraft**				Weapon System **F/A-18E/F**			P-1 Line Item Nomenclature **F/A-18E/F/G ADVANCE PROCUREMENT (MYP)**		
(TOA, $ in Millions)									
	PLT	QPA	Unit Cost	FY 2003 for FY 2004 Qty	FY 2003 Contract Forecast Date	FY 2003 Total Cost Request	FY 2004 for FY 2005 Qty	FY 2004 Contract Forecast Date	FY 2004 Total Cost Request
End Item		N/A				N/A			
Long Lead-Airframe	35		N.A.	MYP	Nov-02	67.8	T.L.	Nov-03	66.5
GFE - Engine - T.L.	24		N.A.	T.L.	Jun-03	17.2	T.L.	Jun-04	17.3
GFE - Other	Var.	Var.	N.A.	Var.	Var.	0.5	Var.	Var.	1.0
Total AP						85.6			84.8

Description:

Exhibit MYP-1, Multiyear Procurement Criteria

Program: F/A-18E/F (STRIKE FIGHTER) HORNET / EA-18G (ELECTRONIC ATTACK) HORNET

1. Multiyear Procurement Description:

This proposed multiyear procurement (MYP II) covers the purchase of 154 F/A-18E/F aircraft and 56 EA-18G aircraft for a total of 210 aircraft in FY 2005 through FY 2009 under a single, five year fixed price type contract. These aircraft constitute the second five years of full rate production (FRP) of the F/A-18E/F, following three years of low rate initial production (LRIP) (FY 1997-1999), during which 62 F/A-18E/F aircraft were produced, and five years of FRP under the first F/A-18E/F multi-year procurement (MYP I) (FY 2000-2004), during which 210 F/A-18E/F aircraft will be produced. This MYP strategy has been structured to achieve significant savings/cost avoidance ($1,052M[1]) from the single year price (SYP) while providing quantity flexibility for emergent requirements.

The MYP up front investment costs for cost reduction initiatives (CRI) will be fully funded in FY04 and the MYP will have no cancellation ceiling. Additionally, no economic order quantity funding is required for this MYP.

A unique feature of this MYP is its allowance for quantity flexibility. The government will have the right to vary the quantity by +6, -0 aircraft in any year (after the first year) at the time of initial funding for that year. This provision provides the government the ability to increase quantities to procure emergent requirements for more aircraft without breaking the MYP or disturbing the savings/cost avoidance already established in the baseline.

Since the EA-18G weapon system is currently in development, only the airframe structure and CFE avionics will be procured under the MYP II contract at time of award. The EA-18G airframe structure and CFE avionics placed on contract in FY04 will be 100% common to an F/A-18F airframe. This strategy provides additional benefit to the contract by allowing the flexibility to convert the procurement of EA-18G airframes to F/A-18E/F airframes in the event that the SDD schedule is altered (as with any E/F mix adjustment, replacing the EA-18G airframe with an F/A-18E would adjust the contract price downward).

[1] **Savings from the SYP have already been removed from the budget. Therefore, they are considered a cost avoidance to having a single year procurement.**

Exhibit MYP-1, Multiyear Procurement Criteria

Program: F/A-18E/F (STRIKE FIGHTER) HORNET / EA-18G (ELECTRONIC ATTACK) HORNET

2. Benefit to the Government:

a. Substantial Savings:

Implementation of this proposed multiyear procurement will yield significant cost avoidance through the term of the contract. Specifically, total savings/cost avoidance for fiscal years 2005 through 2009 attributable to this multiyear strategy are $1,052M[1] (TY$). The MYP II firm fixed price contract type provides guaranteed savings/cost avoidance to the DoN. Unlike MYP I, which was a fixed price incentive type contract with a 70/30 incentive share, under MYP II the responsibility of achieving the necessary return on investment (ROI) resides solely with the contractor. This procurement strategy also provides the maximum incentive to the contractor by providing them 100% of any underrun related to additional cost savings.

Cost savings will be generated as a result of investment in program specific capital equipment and processes that would not meet the contractor's Internal Rate of Return objectives under a single year procurement of 42 to 48 aircraft. With the successful implementation of the CRI Program in MYP I, targeting $700M in total savings/cost avoidance, efforts to define and prepare for the second CRI Program have continually been investigated as part of the F/A-18 "Must Cost" initiative. Under the Must Cost initiative, over 1,500 potential CRIs with various ROIs have been identified. Early in CY 2002, MYP I lessons learned were reviewed and incorporated into the MYP II strategy for affordability. Several CRIs that can only be accomplished in a multiyear procurement environment have been identified and will be matured for consideration for the MYP II CRI Program. Some examples include:

Hydromechanical Systems Affordability Initiatives
Generators Affordability Initiatives
Digital Electronic Warfare

[1] **Savings from the SYP have already been removed from the budget. Therefore, they are considered a cost avoidance to having a single year procurement.**

Comm/Nav/Interrogation Avionics Replacement
Active Electronically Scanned Array (AESA) Affordability Improvements
Intellibus
Northrop-Grumman's Center Aft Fuselage Manufacturing Affordability Improvements
Common Processes Initiative
GKN/ Low Cost Material Challenge
Transaction Cost Initiatives (for example, Boeing & DCM Partnership, Supplier Integration, Optimized Factory)

With these types of investments in the most current state-of-the-art manufacturing technologies, the government will not only receive the benefits for the aircraft built under this contract, but will also continue to realize lower costs/prices throughout the F/A-18E/F and EA-18G production programs.

In addition to the cost savings/cost avoidance generated through these investments and initiatives, procuring at a guaranteed rate of minimum production will also yield savings/cost avoidance. Allowing the contractor to manage their facilities and subcontractors to a guaranteed production rate will reduce costs by allowing them to engage in activities including, but not limited to, reducing the number of production set-ups, reducing administrative costs, and receiving price breaks for raw materials and components.

- Reducing the number of setups can provide significant savings/cost avoidance when producing components or materials with high setup to run ratios and the dollar value of the component is low. Sheet metal procurement and low value castings and forgings are examples of areas in which lower prices can be negotiated with suppliers based on reduced setup costs associated with larger quantity procurements.
- Administrative costs are reduced since there is only one proposal, negotiation, and purchase order instead of a string of five single year procurement actions. These costs are reduced at the prime contractor level, since they have only one contract to negotiate with the government vice five. Prime contractor costs will also be reduced at the subcontract level, since all tiers will only need to be entered into once. Since some suppliers include proposal preparation and negotiation as a direct charge to the purchase order, there will be a dollar for dollar reduction in these cases and the savings/cost avoidance will not get lost in

overhead rates. Another administrative reduction is realized in production planning. Savings/cost avoidance will be gained as production line administrative processes will only be performed once, rather than five times under single year procurement.

- Many electronics components have minimum buy quantities, which may not be met under single year procurements, driving up unit costs as the total cost is artificially high. Multiyear procurement quantities will allow the prime contractor and subcontractors at all tiers to exceed minimum order quantities and capture savings/cost avoidance on these components. Typically suppliers will provide price discounts to lock in business. Given a five-year contract, suppliers will have a larger total business base and therefore greater stability. Therefore, they will be capable of finding innovative processes and be able to justify capital investments necessary to reduce costs. Some of these cost reductions will be passed on to the customer in the form of price reductions. In addition, to these types of process innovations and capital investments, competition is expected to be greater based on larger purchase volumes.

b. Stability of Requirement:

The requirement for the F/A-18E/F has been consistently validated, supporting the first multi-year procurement of 210 aircraft through the end of FY04. The 2001 Quadrennial Defense Review (QDR) recommended a quantity of between 548 and 785 F/A-18E/F aircraft at a maximum sustained production rate of 48 per year. The resulting 2001 Defense Planning Guidance (DPG) directed the Navy to "...conduct a comprehensive review to assess the feasibility of integrating all Naval aviation force structure. Naval aviation structure must continue to provide flexible, responsive, interoperable and expeditionary forces that support Combatant Commanders and joint forces. The integration of aviation capabilities should seek both effectiveness and efficiencies." The Chief of Naval Operations and the Commandant of the Marine Corps signed a Memorandum of Understanding (MOU) in August 2002 directing the integration of all DoN Tactical Aviation (TACAIR). By creating a more modern, capable, reliable, affordable, and smaller force, the DoN TACAIR integration plan reduced the procurement objective from 548 to 460 F/A-18E/F aircraft. This procurement objective is key to the rapid retirement of legacy F-14 and S-3 aircraft, and the replacement of the F/A-18C aircraft as they reach the end of their service life and retire. This represents the required TACAIR force structure in the Carrier Air Wings of 2012 and beyond. The DoD sustained the procurement objective of 460

F/A-18E/F as providing a solid transition to the Joint Strike Fighter, demonstrating the Department's commitment to the quantities proposed in the multi-year plan.

The recently completed Airborne Electronic Attack Analysis of Alternatives (AEA AOA) clearly identified the need for Airborne Electronic Attack through 2030. The Navy reviewed the recommendations of the AOA, and selected the F/A-18F platform to host the AEA core capability to meet these requirements, designated as the EA-18G weapon system. Additionally, DoD Defense Planning Guidance DPG 2002 states: "Navy, in conjunction with the Department of the Air Force, will develop and deploy by 2010 new AEA capabilities to offset capabilities lost as EA-6Bs begin to retire."
The EA-18G approach, integrating the AEA capability into the F/A-18F platform, has been determined to be the lowest risk option available to the Navy that minimizes capability gap as the current EA-6B becomes increasingly unaffordable. The current inventory objective is 90 aircraft total (with an additional 2 SDD aircraft) with 56 purchased in the FYDP under MYP II. The current PAA of 4 aircraft per EA-6B squadron will be increased to 5-to-6 aircraft per EA-18G squadron with the IOC of the EA-18G. As the role of Information Operations/Warfare evolves, additional EA-18G requirements may be identified.

c. Stability of Funding:

The Navy has demonstrated its commitment to a stable funding stream for the F/A-18E/F and EA-18G multiyear through every step of this year's PPBS process by fully funding the requirement. This commitment was reaffirmed by top level Navy leadership through its support in the final budget submission. In addition, the Secretary of the Navy and the Secretary of Defense have reviewed the multiyear proposal and are in agreement with the funding profile provided in this exhibit.

The Defense Planning Guidance has fixed the total program and FYDP production quantities as well as the minimum yearly production rate. This document emphasizes the criticality of the F/A-18E/F to overall DoD aviation planning and demonstrates the Department's commitment to properly fund this weapon system to the quantities proposed in the multiyear plan. Additionally, the Office of the Secretary of Defense (OSD) and DoN in a Program Decision Memorandum (PDM) of December 2002, directed the DoN to procure F/A-18E/F and EA-18G aircraft at a rate of 42 (+6/-0) aircraft per year FY05-09,

demonstrating the Department's commitment to properly fund this weapon system to the quantities proposed in the multiyear plan.

d. Stable Design:

Since the EA-18G weapon system is currently in development, only the airframe structure and CFE avionics will be procured under the MYP II contract at time of award. The EA-18G airframe structure and CFE avionics placed on contract in FY04 will be 100% common to an F/A-18F airframe. Therefore, this section will address the stability of the F/A-18E/F airframe and CFE avionics.

Currently, the F/A-18E/F aircraft have flown over 60,000 hours. The Engineering and Manufacturing Development (E&MD) program is complete and the flight test program has completed all Developmental Testing (DT), including TECHEVAL, and successfully completed OPEVAL with a rating of Operationally Effective/Operationally Suitable. Sixty-two (62) Low-Rate Initial Production (LRIP) aircraft have been delivered and 54 Full-Rate Production (FRP) aircraft have been delivered as of December 2002. All aircraft have been delivered on or ahead of contract schedule. VFA-122, the Fleet Replacement Squadron, has been flying F/A-18E/Fs since 1999 and is meeting their training throughput schedule. IOC was achieved on schedule and F/A-18E aircraft are currently deployed on the USS Abraham Lincoln (with VFA-115). The next three operational squadrons (VFA-14, VFA-41 and VFA-102) are in workups and training for deployment.

The program office has been executing the pre-planned roadmap to incorporate the enhanced system capabilities into the aircraft during the years covered by the first multiyear contract (FY00-04). The second Follow-on Test and Evaluation period is ongoing to evaluate some of these enhanced capabilities. This is the 4th year of the current multi-year contract and the roadmap is on track. This roadmap also includes planning for the second multi-year. The program has demonstrated its capability to seamlessly integrate these new enhancements while maintaining aircraft delivery on or ahead of schedule and under cost.

In conclusion, the F/A-18E/F has and will continue to have a stable design and a planned roadmap of pre-planned avionics enhancements prior to and during the execution of the second multi-year production contract. The contractors' unrivaled technical success, production and field experience garnered from the F/A-18A/B/C/D program, and substantial knowledge gained over the first four years of F/A-18E/F FRP, provide a technically mature design with which to enter a multiyear procurement.

e. Realistic Cost Estimate:

The current independent cost estimate was developed by the NAVAIR Cost Analysis group (AIR-4.2) and is based on proven estimating techniques and on a significant amount of F/A-18A/B/C/D/E/F production history. The approach, methodology, and assumptions used to derive the estimate were validated by the OSD Cost Analysis Improvement Group (CAIG) during the Defense Acquisition Board (DAB) Review in March 1997 and again jointly validated by the Naval Center for Cost Analysis (NCCA) and the OSD CAIG during the Milestone III Review in March 2000.

An independent single year cost estimate was developed by the NAVAIR Cost Analysis group (AIR-4.2) which, when compared to the proposed multiyear procurement strategy, lends credence to the projected savings under a multiyear scenario. Additionally, the projected multiyear savings are within historical projected savings ranges (i.e. C-17 and F/A-18E/F MYP I).

Based on this approach, there is a high degree of confidence in the F/A-18E/F cost estimate, as well as in the estimated savings associated with the proposed multiyear procurement.

Exhibit MYP-1, Multiyear Procurement Criteria

Program: F/A-18E/F (STRIKE FIGHTER) HORNET / EA-18G (ELECTRONIC ATTACK) HORNET

f. National Security:

The Quadrennial Defense Review and Defense Planning Guidance emphasize the criticality of the F/A-18E/F to the overall National Security Strategy and demonstrate the Department's commitment to properly fund this weapon system to the quantities proposed in the multiyear plan.

The National Security implications are two-fold, first is maintaining the industrial base for carrier launched aircraft, the second is providing a creditable fleet asset until the procurement of the Joint Strike Fighter is in sufficient quantities. The F/A-18E/F production line is the only active line capable of building carrier based fighter aircraft. The second National Security implication is that until the Joint Strike Fighter is built and completes EMD in approximately 8-10 years, the F/A-18E/F will be the premier Naval fighter aircraft. The Chief of Naval Operations and the Commandant of the Marine Corps signed a Memorandum of Understanding (MOU) in August 2002 directing the integration of all DoN Tactical Aviation (TACAIR). By creating a more modern, capable, reliable, affordable, and smaller force, the DoN TACAIR integration plan reduced the procurement objective from 548 to 460 F/A-18E/F aircraft (plus 2 aircraft to replace those used in the EA-18G SDD program). This procurement objective is key to the rapid retirement of legacy F-14 and S-3 aircraft, and the replacement of the F/A-18C aircraft as they reach the end of their service life and retire. This represents the required TACAIR force structure in the Carrier Air Wings of 2012 and beyond. The DoD sustained the procurement objective of 460 F/A-18E/Fs as providing a solid transition to the Joint Strike Fighter, demonstrating the Department's commitment to the quantities proposed in the multi-year plan.

The recently completed Airborne Electronic Attack Analysis of Alternatives (AEA AOA) clearly identified the need for Airborne Electronic Attack through 2030. The Navy reviewed the recommendations of the AOA, and has selected the F/A-18F platform to host the AEA core capability to meet these requirements, designated as the EA-18G weapon system. Additionally, DoD Defense Planning Guidance (DPG) 2002 states: "Navy, in conjunction with the Department of the Air Force, will develop and deploy by 2010 new AEA capabilities to offset capabilities lost as EA-6Bs begin to retire."

Exhibit MYP-1, Multiyear Procurement Criteria

Program: F/A-18E/F (STRIKE FIGHTER) HORNET / EA-18G (ELECTRONIC ATTACK) HORNET

3. Source of Savings

	$ in Millions
Inflation	55.106
Vendor Procurement	697.337
Manufacturing	229.251
Design/Engineering	70.617
Tool Design	-
Support Equipment	-
Other	-
Total Savings:	1,052.311[1]

4. Advantages of the MYP:

This MYP strategy has been structured to achieve significant savings/cost avoidance ($1,052M) and provide quantity flexibility for emergent requirements. The government will have the right to vary the quantity by +6/-0 aircraft in any year (after the first year) at the time of initial funding for that year. The ability to increase quantities also benefits the government by providing an ability to procure emergent requirements for more aircraft without breaking the MYP or disturbing the savings/cost avoidance already established in the baseline.

The firm fixed price contract type provides guaranteed savings/cost avoidance to the DoN. Unlike MYP I, which was a fixed price incentive type contract with a 70/30 incentive share, under MYP II responsibility of achieving the necessary return on investment

[1] **Savings from the SYP have already been removed from the budget. Therefore, they are considered a cost avoidance to having a single year procurement.**

(ROI) resides solely with the contractor. This procurement strategy also provides the maximum incentive to the contractor by providing them 100% of any underrun related to additional cost savings.

Additionally, since the EA-18G weapon system is currently in development, only the airframe structure and CFE avionics will be procured under MYP II at this time. The EA-18G airframe structure and CFE avionics placed on contract in FY04 will be 100% common to an F/A-18F airframe. This strategy provides additional benefit to the contract by allowing the flexibility to convert the procurement of EA-18G airframes to F/A-18E/F airframes in the event that the SDD schedule is altered (as with any E/F mix adjustment, replacing the EA-18G airframe with an F/A-18E would adjust the contract price downward).

5. Impact on Industrial Base:

Implementation of this proposed MYP will also yield a favorable impact on the industrial base. The stability afforded by the use of a multiyear procurement will allow the prime contractor to enter into long-term agreements with suppliers, at every tier, which provides substantial cost avoidance. Such long term agreements incentivize both the prime and the subcontractors to invest in process improvements such as those previously cited, which will yield long-term benefits in terms of product quality and cost. The stability of the prime multiyear contract will also foster improved competition at the sub contractor level, as the offer of a longer-term business arrangement will encourage more aggressive pursuit of a contract award. The contractor and subcontractors will be at a reduced risk when implementing production process improvements, facility improvements, tooling design improvements, and fabrication process improvements. The ability for the government and industry to enter into a long-term agreement will allow industry the opportunity to place capital investments upfront, which reduces the overall cost and improves the quality of the F/A-18E/F and EA-18G.

Exhibit MYP-1, Multiyear Procurement Criteria

Program: F/A-18E/F (STRIKE FIGHTER) HORNET / EA-18G (ELECTRONIC ATTACK) HORNET

6. Multiyear Procurement Summary:

	Annual Contracts	MYP Alternate
Quantity	210	210
Total Contract Price	$9,611.711	$8,559.400
Cancellation Ceiling (highest point)		
Funded		$0.000
Unfunded		$0.000
$ Cost Avoidance Over Annual		$1,052.311[1]
% Cost Avoidance Over Annual		10.95%

[1] **Savings from the SYP have already been removed from the budget. Therefore, they are considered a cost avoidance to having a single year procurement.**

Exhibit MYP-2, Total Program Funding Plan					Date **FEBRUARY 2003**							
Appropriation/Budget Activity **Aircraft Procurement, Navy/ Combat Aircraft, (BA-1)**					P-1 Line Item Nomenclature **F/A-18E/F/G (FIGHTER) HORNET (MYP)**							
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	Total
Procurement Quantity		42	42	42	42	42						210
Annual Procurement												
Gross Cost		3,146.304	3,317.234	3,510.475	3,627.099	3,570.789						17,171.901
Less PY Adv Procurement		(84.765)	(86.549)	(92.721)	(92.481)	(92.790)						(449.306)
Net Procurement (=P-1)		3,061.539	3,230.685	3,417.754	3,534.618	3,477.999						16,722.595
Plus CY Adv Procurement	84.765	86.549	92.721	92.481	92.790							449.306
Weapon System Cost	84.765	3,148.088	3,323.406	3,510.235	3,627.408	3,477.999						17,171.901
Multiyear Procurement												
Gross Cost (P-1)		2,980.098	3,112.682	3,299.731	3,390.775	3,336.305						16,119.591
Less PY Adv Procurement		(84.765)	(86.549)	(92.721)	(92.481)	(92.790)						(449.306)
Net Procurement (=P-1)		2,895.333	3,026.133	3,207.010	3,298.294	3,243.515						15,670.285
Advance Procurement												
For FY 2005	84.765											84.765
For FY 2006		86.549										86.549
For FY 2007			92.721									92.721
For FY 2008				92.481								92.481
For FY 2009					92.790							92.790
Total Adv Procurement	84.765	86.549	92.721	92.481	92.790							449.306
Weapon System Cost	84.765	2,981.882	3,118.854	3,299.491	3,391.084	3,243.515						16,119.591
Multiyear Savings ($)	0.0	166.206	204.552	210.744	236.324	234.484						1,052.311
Cancellation Ceiling - Funded	0.0	0.0	0.0	0.0	0.0	0.0						0.0
Cancellation Ceiling - Unfunded	0.0	0.0	0.0	0.0	0.0	0.0						0.0
OUTLAYS												
Annual	13.562	537.176	1,802.534	2,893.068	3,226.277	3,446.704	2,957.605	1,554.291	434.661	226.028	79.994	17,171.901
Multiyear	13.562	510.583	1,704.154	2,725.033	3,029.550	3,229.096	2,764.244	1,451.498	406.290	210.979	74.601	16,119.591
Savings		26.593	98.380	168.035	196.728	217.608	193.361	102.792	28.371	15.049	5.393	1,052.311
Remarks												

Exhibit MYP-3, Contract Funding Plan					Date **FEBRUARY 2003**							
Appropriation/Budget Activity **Aircraft Procurement, Navy/ Combat Aircraft, (BA-1)**					P-1 Line Item Nomenclature **F/A-18E/F/G (FIGHTER) HORNET (MYP)**							
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	Total
Procurement Quantity		42	42	42	42	42						
Annual Procurement												
Gross Cost		1,827.106	1,883.952	1,915.344	1,974.424	2,010.884						9,611.711
Less PY Adv Procurement		(67.496)	(68.880)	(73.849)	(73.669)	(73.902)						(357.796)
Net Procurement (=P-1)		1,759.610	1,815.072	1,841.495	1,900.756	1,936.982						9,253.915
Plus CY Adv Procurement	67.496	68.880	73.849	73.669	73.902	0.0						357.796
Contract Price	67.496	1,828.490	1,888.921	1,915.164	1,974.658	1,936.982						9,611.711
Multiyear Procurement												
Gross Cost (P-1)		1,660.900	1,679.400	1,704.600	1,738.100	1,776.400						8,559.400
Less PY Adv Procurement		(67.496)	(68.880)	(73.849)	(73.669)	(73.902)						(357.796)
Net Procurement (=P-1)		1,593.404	1,610.520	1,630.751	1,664.431	1,702.498						8,201.604
Advance Procurement												
For FY 2005	67.496											67.496
For FY 2006		68.880										68.880
For FY 2007			73.849									73.849
For FY 2008				73.669								73.669
For FY 2009					73.902							73.902
Total Adv Procurement	67.496	68.880	73.849	73.669	73.902							357.796
Contract Price	67.496	1,662.284	1,684.369	1,704.420	1,738.334	1,702.498						8,559.400
Multiyear Savings ($)		166.206	204.552	210.744	236.324	234.484						1,052.311
Multiyear Savings (%)												10.95%
Cancellation Ceiling - Funded	0.0	0.0	0.0	0.0	0.0	0.0						
Cancellation Ceiling - Unfunded	0.0	0.0	0.0	0.0	0.0	0.0						
OUTLAYS												
Annual	10.799	319.219	1,046.215	1,645.306	1,791.316	1,894.557	1,633.443	862.180	239.292	124.833	44.551	9,611.711
Multiyear	10.799	292.626	947.835	1,477.271	1,594.588	1,676.948	1,440.082	759.388	210.921	109.784	39.157	8,559.400
Savings	0.0	26.593	98.380	168.035	196.728	217.608	193.361	102.792	28.371	15.049	5.393	1,052.311

Remarks

Exhibit MYP-4, Present Value Analysis						Date **February 2003**						
Appropriation/Budget Activity **Aircraft Procurement, Navy/ Combat Aircraft, (BA-1)**						P-1 Line Item Nomenclature **F/A-18E/F/G (FIGHTER) HORNET (MYP)**						
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	Total
Annual Proposal												
Then Year Cost	10.799	319.219	1,046.215	1,645.306	1,791.316	1,894.557	1,633.443	862.180	239.292	124.833	44.551	9,611.711
Constant Year Cost	10.799	314.501	1,024.643	1,596.058	1,710.910	1,781.305	1,518.691	797.265	222.213	115.211	40.849	9,132.445
Present Value	10.799	305.638	967.703	1,464.882	1,526.039	1,544.050	1,270.793	644.007	173.276	86.725	29.684	8,023.595
Multiyear Procurement												
Then Year Cost	10.799	292.626	947.835	1,477.271	1,594.588	1,676.948	1,440.082	759.388	210.921	109.784	39.157	8,559.400
Constant Year Cost	10.799	288.337	928.397	1,433.217	1,523.164	1,576.914	1,339.048	702.259	195.878	101.322	35.904	8,135.240
Present Value	10.799	280.211	876.805	1,315.425	1,358.580	1,366.882	1,120.473	567.264	152.741	76.271	26.090	7,151.540
Difference												
Then Year Cost	0.0	26.593	98.380	168.035	196.728	217.608	193.361	102.792	28.371	15.049	5.393	1,052.311
Constant Year Cost	0.0	26.164	96.246	162.841	187.745	204.391	179.643	95.006	26.335	13.889	4.945	997.205
Present Value	0.0	25.427	90.898	149.457	167.459	177.168	150.319	76.743	20.535	10.455	3.593	872.054
Remarks												

BUDGET ITEM JUSTIFICATION SHEET P-40										DATE: February 2003
APPROPRIATION/BUDGET ACTIVITY **Aircraft Procurement, Navy/ 1**							P-1 ITEM NOMENCLATURE JOINT STRIKE FIGHTER ADVANCE PROCUREMENT			
Program Element for Code B Items: **0207142F / 0604800N / 0604800F**							Other Related Program Elements			
	Prior Years	ID Code	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
COST (In Millions)		**B**				**$48.696**	**$110.095**	**TBD**	**TBD**	**TBD**

MISSION AND DESCRIPTION:

The Joint Strike Fighter program will develop and field a family of aircraft that meets the needs of the USN, USAF, and USMC and allies, with optimum commonality among the variants to mimimize life cycle costs. This is a joint program with no executive service.

BASIS FOR FY 2004 BUDGET REQUEST:

DoN procurement of JSF commences in FY 2006. Advance procurement funding is required in FY 2005.

CLASSIFICATION: UNCLASSIFIED

BUDGET ITEM JUSTIFICATION SHEET
P-40

DATE: **FEBRUARY 2003**

APPROPRIATION/BUDGET ACTIVITY
Aircraft Procurement, Navy BA-1 - Combat Aircraft

P-1 ITEM NOMENCLATURE
LI 5/V-22 OSPREY

Program Element for Code B Items:
0206121M

Other Related Program Elements
1110011F/Proj 643752, 1160404BB/Proj 643752

	Prior Years	ID Code	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	To Complete	Total Program
QUANTITY	39	B	9	11	9	8	17	29	30	33	223	408
Net P-1 Cost ($M)	3,797.958		768.409	1,011.863	833.109	760.582	1,340.417	2,079.273	2,124.150	2,208.938	13,979.851	28,904.550
Advance Proc ($M)	344.812		36.294	40.936	39.058	83.701	140.458	212.767	210.212	167.045	735.456	2,010.739
Wpn Sys Cost ($M)	4,142.770		804.703	1,052.799	872.167	844.283	1,480.875	2,292.040	2,334.362	2,375.983	14,715.307	30,915.289
Initial Spares ($M)	228.769		84.485	14.726	79.477	189.083	225.062	35.885	37.718	40.971	288.209	1,224.385
Proc Cost ($M)	4,371.539		889.188	1,067.525	951.644	1,033.366	1,705.937	2,327.925	2,372.080	2,416.954	15,003.516	32,139.674
Unit Cost ($M)	112.091		98.799	97.048	105.738	129.171	100.349	80.273	79.069	73.241	67.280	78.774

Description:
The V-22 is a tilt-rotor vertical takeoff and landing aircraft currently being developed for joint service application. The program is being designed to provide an aircraft to meet the amphibious/vertical assault needs of the Marine Corps, the strike rescue needs of the Navy, and supplement USSOCOM special mission aircraft. The aircraft will be capable of flying 2,100 miles with one refueling, giving the Services the advantage of a Vertical/Short Takeoff and Landing (V/STOL) aircraft that could rapidly self-deploy to any location in the world.

The current procurement objective is 458: 360 MV-22 Marine Corps aircraft, 48 HV-22 Navy aircraft, and 50 CV-22 aircraft for USSOCOM (funded by USSOCOM and the Air Force). The program is executing Low Rate Initial Production lots prior to a Milestone III decision.

Basis for FY 2004 Request:
FY2004 funding is requested to procure 9 MV-22's with support.

FY 2004/2005 BUDGET
AIRCRAFT COST ANALYSIS
P-5 Cost Sheet
TY$ In Thousands

	ITEM	Prior Years Qty: 39 Total Cost	Lot 6 FY02 Qty: 9 Unit Cost	Lot 6 FY02 Qty: 9 Total Cost	Lot 7 FY03 Qty: 11 Unit Cost	Lot 7 FY03 Qty: 11 Total Cost	Lot 8 FY04 Qty: 9 Unit Cost	Lot 8 FY04 Qty: 9 Total Cost	Lot 9 FY05 Qty: 8 Unit Cost	Lot 9 FY05 Qty: 8 Total Cost
1.	AIRFRAME/CFE	2,904,258.618	66,298.365	596,685.289	66,295.868	729,254.545	66,679.588	600,116.293	65,456.908	523,655.262
2.	ENGINES/ACCESS	177,208.900	4,435.835	8,871.670	3,666.000	40,326.000	3,860.000	34,740.000	3,848.000	30,784.000
3.	CFE MISSION ELEC	-	-	-	-	-	-	-	-	-
4.	GFE ELECTRONICS	16,144.967	372.488	3,352.389	706.544	7,771.985	766.530	6,898.774	779.575	6,236.599
5.	ARMAMENT	-	-	-	-	-	-	-	-	-
6.	OTHER GFE	-	-	-	-	-	-	-	-	-
	SUBTOTAL GFE	193,353.867	4,808.323	12,224.059	4,372.544	48,097.985	4,626.530	41,638.774	4,627.575	37,020.599
7.	REC FLYAWAY ECO	41,170.982	2,651.935	23,867.412	1,325.917	14,585.091	1,637.184	14,734.652	2,144.340	17,154.716
8.	REC FLYAWAY COST	3,138,783.467	73,758.623	632,776.759	71,994.329	791,937.621	72,943.302	656,489.719	72,228.822	577,830.578
9.	NON-RECURRING	219,987.985	4,521.010	40,689.090	6,143.175	67,574.925	(0.000)	(0.000)	2,648.371	21,186.966
10.	ANCILLARY EQUIP	-	1,228.299	11,054.687	183.630	2,019.935	946.154	8,515.388	683.307	5,466.457
11.	RESOLUTION MATRIX	-	-	-	4,874.889	53,623.779	5,030.722	45,276.497	732.268	5,858.147
12.	TOTAL FLYAWAY	3,358,771.452	76,057.837	684,520.536	83,196.024	915,156.260	78,920.178	710,281.604	76,292.769	610,342.148
13.	AIRFRAME PGSE	69,794.100	-	27,115.632	-	29,522.171	-	28,046.466	-	26,514.963
14.	ENGINE PGSE	1,653.800	-	1,673.400	-	424.199	-	307.125	-	1,197.544
15.	AVIONICS PGSE	35,845.736	-	24,478.264	-	35,321.604	-	42,345.299	-	32,721.937
16.	PEC TRNG EQ/PTS	99,501.900	-	53,767.775	-	2,743.294	-	5,822.674	-	46,289.581
17.	PUBS / TECH DATA	60,578.496	-	9,062.600	-	13,217.593	-	10,557.583	-	8,786.762
18.	OTHER ILS	107,262.998	-	36,770.500	-	34,742.706	-	36,291.078	-	38,057.767
19.	PROD ENG SUPT	78,673.930	-	30,308.293	-	17,029.172	-	40,393.172	-	35,729.299
20.	FY89 FUNDING	231,400.000	-	-	-	-	-	-	-	-
21.		-	-	-	-	-	-	-	-	-
22.	TOTAL SUPPORT COST	684,710.960	-	183,176.464	-	133,000.739	-	163,763.396	-	189,297.852
23.	GROSS P-1 COST	4,043,482.412	-	867,697.000	-	1,048,157.000	-	874,045.000	-	799,640.000
24.	ADV PROC CREDIT	(245,524.049)	-	(99,288.000)	-	(36,294.000)	-	(40,936.000)	-	(39,058.000)
25.	NET P-1 COST	3,797,958.363	-	768,409.000	-	1,011,863.000	-	833,109.000	-	760,582.000
26.	ADV PROCUREMENT	344,812.049	-	36,294.000	-	40,936.000	-	39,058.000	-	83,701.000
27.	WEAPON SYS COST	4,142,770.412	-	804,703.000	-	1,052,799.000	-	872,167.000	-	844,283.000
28.	INITIAL SPARES	228,769.000	-	84,485.000	-	14,726.000	-	79,477.000	-	189,083.000
29.	PROCUREMENT COST	4,371,539.412	98,798.667	889,188.000	97,047.727	1,067,525.000	105,738.222	951,644.000	129,170.750	1,033,366.000

CLASSIFICATION: UNCLASSIFIED

BUDGET PROCUREMENT HISTORY AND PLANNING EXHIBIT (P-5A) **FY 2004 PRESIDENT'S BUDGET**					Weapon System **V-22**			A. DATE **FEBRRUARY 2003**		
B. APPROPRIATION/BUDGET ACTIVITY **Aircraft Procurement, Navy BA-1 - Combat Aircraft**					C. P-1 ITEM NOMENCLATURE **LI 5/V-22**				SUBHEAD **AP: U1CV** **Reg: U1CW**	
Cost Element/ FISCAL YEAR	QUANTITY	UNIT COST	LOCATION OF PCO	RFP ISSUE DATE	CONTRACT METHOD & TYPE	CONTRACTOR AND LOCATION	AWARD DATE	DATE OF FIRST DELIVERY	TECH DATA AVAILABLE NOW?	DATE REVISIONS AVAILABLE
Airframe:										
FY2002 Airframe (Lot 6)	9*	$66.3	NAVAIR	Aug-01	SS/FPIF	Bell-Boeing, Patuxent River, MD.	Jul-02*	Jan-04	Yes	N/A
FY2002 for FY2003 AP			NAVAIR	Feb-02	SS/AAC	Bell-Boeing, Patuxent River, MD.	Mar-02		Yes	N/A
FY2003 Airframe (Lot 7)	11	$66.3	NAVAIR	Feb-03	SS/FPIF	Bell-Boeing, Patuxent River, MD.	Jan 03**	Nov-04	Yes	N/A
FY2003 for FY2004 AP			NAVAIR	Mar-03	SS/AAC	Bell-Boeing, Patuxent River, MD.	Mar-03		Yes	N/A
FY2004 Aircraft (Lot 8)	9	$67.7	NAVAIR	Jul-03	SS/FPIF	Bell-Boeing, Patuxent River, MD.	Jan-04	Nov-05	Yes	N/A
FY2004 for FY2005 AP			NAVAIR	Dec-03	SS/AAC	Bell-Boeing, Patuxent River, MD.	Dec 03		Yes	N/A
FY2005 Aircraft (Lot 9)	8	$65.5	NAVAIR	Jun-03	SS/FPIF	Bell-Boeing, Patuxent River, MD.	Dec 04	Nov-06	Yes	N/A
FY2005 for FY2006 AP			NAVAIR	Dec-04	SS/AAC	Bell-Boeing, Patuxent River, MD.	Dec 04		Yes	N/A

D. REMARKS

Quantity changes and Schedule Slippages due to Program Restructure.

*Partial definitization awarded July 02, with a not-to-exceed (NTE) to be definitized in Jul 03 for the incorporation of Block A changes.

**Termination Liability for 11 aircraft was awarded Jan 03. Final definitization planned Oct 03.

CLASSIFICATION: UNCLASSIFIED

BUDGET PROCUREMENT HISTORY AND PLANNING EXHIBIT (P-5A) **FY 2004 PRESIDENT'S BUDGET**	Weapon System **V-22**	A. DATE **FEBRUARY 2003**
B. APPROPRIATION/BUDGET ACTIVITY **Aircraft Procurement, Navy BA-1 - Combat Aircraft**	C. P-1 ITEM NOMENCLATURE **LI 5/V-22**	SUBHEAD **Reg: U1CW**

Cost Element/ FISCAL YEAR	QUANTITY	UNIT COST	LOCATION OF PCO	RFP ISSUE DATE	CONTRACT METHOD & TYPE	CONTRACTOR AND LOCATION	AWARD DATE	DATE OF FIRST DELIVERY	TECH DATA AVAILABLE NOW?	DATE REVISIONS AVAILABLE
Engine:										
FY2002 Engine (Lot 6)	4*	$2.2	NAVAIR	Dec-95	SS/FFP	Rolls Royce Indianapolis, IN	May-02	Feb 03	N/A	N/A
FY2003 Engine (Lot 7)	22	$1.8	NAVAIR	Dec-95	SS/FFP	Rolls Royce Indianapolis, IN	Feb-03	Apr 04	N/A	N/A
FY2004 Engine (Lot 8)	18	$1.9	NAVAIR	Dec-95	SS/FFP	Rolls Royce Indianapolis, IN	Dec-03	Apr 05	N/A	N/A
FY2005 Engine (Lot 9)	16	$1.9	NAVAIR	Dec-95	SS/FFP	Rolls Royce Indianapolis, IN	Dec-04	Apr 06	N/A	N/A

D. REMARKS

*Note: 32 Engines were procured in FY 2001 (Lot 5). 18 Engines were for FY01 aircraft and 14 Engines were for FY02 aircraft. Only 4 Engine buys required in FY02 (Lot 6).

FY2004 PRESIDENT'S BUDGET					DATE FEBRUARY 2003
APPROPRIATION/BUDGET ACTIVITY **Aircraft Procurement, Navy BA-1 - Combat Aircraft**			Weapon System **V-22**		P-1 ITEM NOMENCLATURE **LI 5/V-22**

		Production Rate			Procurement Leadtimes					
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
Airframe	Bell-Boeing	12	32	44	5	6	35	32	38	Each
	Patuxent River, MD									

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2002												FISCAL YEAR 2003												BAL
						2001			CALENDAR YEAR 2002									2002			CALENDAR YEAR 2003										
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
AIRFRAME																														
Airframe (Lot 2)	98	M	7	5	2													1		1										0
Airframe (Lot 3)	99	M	7	0	7																	2								5
Airframe (Lot 4)	00	M	11	0	11																					1				10

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2004												FISCAL YEAR 2005												BAL
						2003			CALENDAR YEAR 2004									2004			CALENDAR YEAR 2005										
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
Airframe (Lot 3)	99	M	7	2	5																							1	2	2
Airframe (Lot 4)	00	M	11	1	10													1	1	1	1	1	1	1	1	1	1			0
Airframe (Lot 5)	01	M	9	0	9	1	1		1		1	1	1		1	1	1													0
Airframe (Lot 6)	02	M	9	0	9				1	1	1	1	1	1	1	1		1												0
Airframe (Lot 7)	03	M	11	0	11														1	1	1	1		1	1	1	1	1	1	1

Note: Lots 3 and 4 are out of sequence due to Block A mod plan.

FY2004 PRESIDENT'S BUDGET					DATE FEBRUARY 2003
APPROPRIATION/BUDGET ACTIVITY **Aircraft Procurement, Navy**			Weapon System **V-22**		P-1 ITEM NOMENCLATURE **LI 5/V-22**
		Production Rate			Procurement Leadtimes					
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
Airframe	Bell-Boeing	12	32	44	5	6	35	32	38	Each
	Patuxent River, MD									

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2006												FISCAL YEAR 2007												BAL
						2005			CALENDAR YEAR 2006									2006			CALENDAR YEAR 2007									
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
AIRFRAME																														
Airframe (Lot 3)	99	M	7	5	2		1	1																						0
Airframe (Lot 7)	03	M	11	10	1	1																								0
Airframe (Lot 8)	04	M	9	0	9		1	1	1		1	1	1			1	1	1												0
Airframe (Lot 9)	05	M	8	0	8														1	1	1		1	1		1			1	1

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2008												FISCAL YEAR 2009												BAL
						2007			CALENDAR YEAR 2007									2008			CALENDAR YEAR 2008									
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
Airframe (Lot 9)	05	M	8	7	1	1																								0

Note: Lots 3 and 4 are out of sequence due to Block A mod plan.

FY 2004 PRESIDENT'S BUDGET PRODUCTION SCHEDULE, P-21					DATE **FEBRUARY 2003**					
APPROPRIATION/BUDGET ACTIVITY **Aircraft Procurement, Navy BA-1 - Combat Aircraft**			Weapon System **V-22**		P-1 ITEM NOMENCLATURE **LI 5/V-22**					
		Production Rate			Procurement Leadtimes					
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
Engine	Rolls Royce Engine Co. Indianapolis, IN			88	5	2	28	16	18**	Each

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2002												FISCAL YEAR 2003												BAL
						2001			CALENDAR YEAR 2002									2002			CALENDAR YEAR 2003									
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
ENGINES																														
Engine (Lot 4)	00	M	22	10	12	2	2	2	2	2	2																		0
Engine (Lot 5)	01	M	18	0	18							2	2	2		2	2	2	2	2	2									0
Engine (Lot 6)	02	M	18*	0	18																	2	2	2	2		2	2		6

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2004												FISCAL YEAR 2005												BAL
						2003			CALENDAR YEAR 2004									2004			CALENDAR YEAR 2005									
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
Engine (Lot 6)	02	M	18*	12	6	2		2	2																				0
Engine (Lot 7)	03	M	22	0	22							2	2	2	2		2	2	2	2	2	2	2							0
Engine (Lot 8)	04	M	18	0	18																			2	2	2		2	2	8

*22 Engines procured/delivered under Lot 5 for Lot 6. **Installation Lead Time for Engine is 6-9 months to maintain manufacturer flexibility.
NOTE: A/C and Engine deliveries are not in concert with each other due to re-structured A/C delivery to incorporate Block A configuration (fleet safe and deployable). Applicable to FY99-FY02.

FY 2004 PRESIDENT'S BUDGET PRODUCTION SCHEDULE, P-21								DATE **FEBRUARY 2003**			
APPROPRIATION/BUDGET ACTIVITY **Aircraft Procurement, Navy BA-1 - Combat Aircraft**					Weapon System **V-22**			P-1 ITEM NOMENCLATURE **LI 5/V-22**			
		Production Rate			Procurement Leadtimes						
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure	
Engine	Rolls Royce Engine Co.			88	5	2	28	16	18	Each	
	Indianapolis, IN										

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2006												FISCAL YEAR 2007												BAL
						2005			CALENDAR YEAR 2006									2006			CALENDAR YEAR 2007									
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
ENGINES																														
Engine (Lot 8)	04	M	18	10	8	2			2	2	2																			0
Engine (Lot 9)	05	M	16	0	16							2	2	2		2	2		2			2	2							0
Engine (Lot 10)	06	M	34	0	34																			2	2	2	4	2	2	20

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2008												FISCAL YEAR 2009												BAL
						2007			CALENDAR YEAR 2008									2008			CALENDAR YEAR 2009									
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	

*22 Engines procured/delivered under Lot 5 for Lot 6. **Installation Lead Time for Engine is 6-9 months to maintain manufacturer flexibility.
NOTE: A/C and Engine deliveries are not in concert with each other due to re-structured A/C delivery to incorporate Block A configuration (fleet safe and deployable). Applicable to FY99-FY02.

BUDGET ITEM JUSTIFICATION SHEET P-40							DATE: FEBRUARY 2003					
APPROPRIATION/BUDGET ACTIVITY: Aircraft Procurement, Navy/BA-1 Combat Aircraft							P-1 ITEM NOMENCLATURE: LI6/V-22 ADVANCE PROCUREMENT					
Program Element for Code B Items: 0604262N							Other Related Program Elements: 1110011F/Proj 1160404BBB/Proj 643752					
	Prior Years	ID Code	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	To Complete	Total
COST (In Millions)	**$344.812**	**B**	**$36.294**	**$40.936**	**$39.058**	**$83.701**	**$140.458**	**$212.767**	**$210.212**	**$167.045**	**$735.456**	**$2,010.739**

MISSION AND DESCRIPTION:

The V-22 is a tilt-rotor, vertical takeoff and landing aircraft being developed for joint service application. The program is being designed to provide an aircraft to meet the amphibious/vertical assault needs of the Marine Corps, the strike rescue needs of the Navy, and supplement USSOCOM special mission aircraft. The aircraft will be capable fo flying 2,100 miles with one one refueling, giving the Services the advantage of a Vertical/Short Takeoff and Landing (V/STOL) aircraft that could rapidly self-deploy to any location in the world.

BASIS FOR FY 2004 BUDGET REQUEST:

FY 2004 Advance Procurement funding is requested for the long-lead requirements for the procurement of 8 V-22 aircraft in FY 2005. Airframe/CFE requirements are calculated on a termination liability basis, reflecting contractor's funding requirements for procurement of long lead parts and materials necessary to protect the delivery schedule.

Exhibit P-10 Advance Procurement Requirements Analysis **(Page 1 - Funding)**							Date: **FEBRUARY 2003**						
Appropriation (Treas) Code/CC/BA/BSA/Item Control Number **Aircraft Procurement, Navy/APN-1 Combat Aircraft (BA-1)**							P-1 Line Item Nomenclature **LI6/V-22 Advance Procurement**						
Weapon System **V-22 OSPREY**					First System (BY1) Award Date **Dec 2003**				Interval Between Systems **1 Month**				
($ in Millions)													
	PLT	When Rqd	Prior Years	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	To Complete	Total
End Item Qty			39	9	11	9	8						
CFE - Airframe	35	Jan	264.494	33.083	40.704	38.772	83.343						
GFE - Engine			8.281										
EOQ													
GFE-Other*	27-32	Various	72.037	0.348	0.232	0.286	0.358						
GFE - APR-39**	27			2.863									
Total AP			344.812	36.294	40.936	39.058	83.701						

Description:

Airframe/CFE requirements are calculated on a termination libability basis, reflecting contractor's funding requirements for procurement of long lead parts and materials necessary to protect the delivery schedule.

*Includes ADF Antenna, AN/APN-194 Radar Alt Antenna, AN/ARN-147 Antenna, and External Power Monitor (Leadtime is 27-32 Months)

**Required in FY 2002 due to extraordinary lead time caused by contractual vehicle limitations.

Exhibit P-10 Advance Procurement Requirements Analysis **(Page 2 - Budget Justification)**							Date: **FEBRUARY 2003**		
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number **Aircraft Procurement, Navy/APN-1 Combat Aircraft (BA-1)**					Weapon System **V-22 OSPREY**		P-1 Line Item Nomenclature **LI6/V-22 Advance Procurement**		
(TOA, $ in Millions)									
	PLT	QPA	Unit Cost	FY 2003 for FY 2004 Qty	FY 2003 Contract Forecast Date	FY 2003 Total Cost Request	FY 2004 for FY 2005 Qty	FY 2004 Contract Forecast Date	FY 2004 Total Cost Request
End Item									
Airframe: TL	35		TL	9	Mar-03	40.7	8	Dec-03	38.8
GFE	27-32					0.2			0.3
Total Advance Proc						40.9			39.1

Description:

Advance procurement for Bell-Boeing termination liablity (TL) required to procure long lead parts and material necessary to build component systems for the V-22 aircraft.
GFE is fully funded.

CLASSIFICATION: UNCLASSIFIED

BUDGET ITEM JUSTIFICATION SHEET P-40											DATE: Feb-03	
APPROPRIATION/BUDGET ACTIVITY: Aircraft Procurement, Navy — Budget Activity 1							P-1 ITEM NOMENCLATURE: AH-1W SEA COBRA					
Program Element for Code B Items:							Other Related Program Elements					
	Prior Years	ID Code	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	To Complete	Total Program
QUANTITY	258	A										258
Net P-1 Cost ($M)	1496.670		1.133									1497.803
Advance Proc ($M)	48.974											48.974
Wpn Sys Cost ($M)	1545.644		1.133									1546.777
Initial Spares ($M)	100.462											100.462
Proc Cost ($M)	1646.105		1.133									1647.238
Unit Cost ($M)	6.000											6.000

Description:

MISSION: THE AH-1W IS A HELICOPTER GUNSHIP WHOSE MISSION IS THE ENROUTE ESCORT AND PROTECTION OF TROOP ASSAULT HELICOPTERS, LANDING ZONE PREPARATION IMMEDIATELY PRIOR TO THE ARRIVAL OF ASSAULT HELICOPTERS, LANDING ZONE FIRE SUPPRESSION DURING THE ASSAULT PHASE, AND FIRE SUPPORT DURING GROUND ESCORT OPERATIONS. THE AH-1W HAS ADDITIONALLY BEEN TASKED WITH THE MISSION OF ENEMY ARMOR DESTRUCTION, WHICH REQUIRES OPERATIONS BOTH AT SEA LEVEL AND IN HIGH/HOT ENVIRONMENTS. THIS MISSION HAS REQUIRED THE INCORPORATION OF THE HELLFIRE MISSILE SYSTEM PLUS THE INCORPORATION OF THE IMPROVED T700-GE-401 ENGINES.

DESCRIPTION: THE AH-1W IS A TANDEM SEAT, TWO PLACE (PILOT AND GUNNER/CO-PILOT) ATTACK HELICOPTER DESIGNED AND BUILT TO PROVIDE HIGH SPEED AND MANEUVERABILITY REQUIRED BY THE ATTACK MISSION. THE ARMAMENT OF THE AH-1W INCLUDES THE SIDEWINDER, TOW AND THE HELLFIRE MISSILE SYSTEMS, A CHIN-MOUNTED 20 MM TURRET GUN, AND WIDE VARIETY OF FORWARD FIRING AND DROPABLE EXTERNAL STORES. NIGHT TARGETING SYSTEM (NTS) PROVIDES A NIGHT/ADVERSE WEATHER TOW AND AUTONOMOUS HELLFIRE CAPABILITY. NTS ALSO PROVIDES ENHANCED CONVENTIONAL WEAPONS DELIVERY BY UTILIZING THE SYSTEMS LASER RANGING SYSTEM.

BASIS FOR REQUEST: NOT APPLICABLE

Date: February 2003

AIRCRAFT COST ANALYSIS

Aircraft model: AH-1W SEA COBRA

$ in thousands

		Prior Years	FY 2002 Qty:		FY 2003 Qty:		FY 2004 Qty:		FY 2005 Qty:	
		Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost
1	Airframe CFE	822,293.792								
2	CFE Electronics									
3	GFE Electronics	39,388.071								
4	Engines/Eng Acc	152,604.763								
5	Armament	130,653.772								
6	Other GFE	13,683.912								
7	Rec Flyaway ECO	5,650.597								
8	Rec Flyaway Cost	1,164,274.907								
9	Non-Recur Cost	58,705.438		570.000						
10	Ancillary Equip									
11										
12	Total Flyaway	1,222,980.345		570.000						
13	Airframe PGSE	55,993.114								
14	Engine PGSE	4,933.105								
15	Avionics PGSE	17,938.313								
16	Pec Trng Eq	85,699.255								
17	Pub/Tech Eq	34,578.303								
18	Fac Mgmt/Fld Act	62,790.303		563.000						
19	ILS/Rel Dem	15,895.596								
20	Other	44,835.045								
21	Support Cost	322,663.034		563.000						
22	Gross P-1 Cost	1,545,643.379		1,133.000						
23	Adv Proc Credit	(48,973.769)		0						
24	Net P-1 Cost	1,496,669.610		1,133.000						
25	Adv Proc CY	48,973.769		0						
26	Weapon System Cost	1,545,643.379		1,133.000						
27	Initial Spares	100,462.030		0						
28	Procurement Cost	1,646,105.409		1,133.000						

BUDGET ITEM JUSTIFICATION SHEET P-40											DATE: February 2003	
APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy/Combat Aircraft (BA-1)					P-1 ITEM NOMENCLATURE UH-1Y/AH-1Z / 0178000							
Program Element for Code B Items: PE 0604245N					Other Related Program Elements							
	Prior Years	ID Code	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY2007	FY 2008	FY 2009	To Complete	Total Program
QUANTITY		B			9	7	14	23	23	24	180	280
Net P-1 Cost ($M)	5.987	B			310.799	200.420	338.645	453.639	466.531	473.842	3,097.808	5,347.671
Advance Proc ($M)		B										
Wpn Sys Cost ($M)	5.987	B			310.799	200.420	338.645	453.639	466.531	473.842	3,097.808	5,347.671
Initial Spares ($M)		B			20.138	11.089	16.670	78.670	86.222	0.332		213.121
Proc Cost ($M)	5.987	B			330.937	211.509	355.315	532.309	552.753	474.174	3,097.808	5,560.792
Unit Cost ($M)		B			36.771	30.216	25.380	23.144	24.033	19.757	17.210	19.860

Description:

Mission Description: The mission of the AH-1Z attack helicopter is to provide rotary wing close air support, anti-armor, armed escort, armed/visual reconnaissance, anti-helicopter and point air defense and fire support coordination during day/night conditions. The mission of the UH-1Y utility helicopter is to provide command and control and combat assault support during day/night and reduced weather conditions. The UH-1Y/AH-1Z remanufacture program is a recapitalization effort that converts 180 AH-1Ws and 100 UH-1Ns into AH-1Zs and UH-1Ys, respectively. Major modifications include: a new 4-bladed rotor system with semiautomatic blade fold of the new composite rotor blades, new performance matched transmissions, a new 4-bladed tail rotor and drive system, upgraded landing gear, and pylon structural modifications. Both aircraft will also incorporate common, modernized and fully integrated cockpits/avionics that will reduce operator work load and improve situational awareness and safety. The UH-1Y/AH-1Z aircraft will have increased maneuverability, speed, and payload capability. Additionally, the AH-1Z will upgrade the current Night Targeting FLIR system to a 3rd generation, staring, focal plane array FLIR that will significantly extend autonomous weapons engagement ranges.

Basis for Request: Funds are requested in FY 2004 to procure 9 AH-1Z/UH-1Y helicopters.

Date: February 2003

AIRCRAFT COST ANALYSIS P-5 Cost Sheet

Aircraft model: AH-1Z/UH-1Y

$ in thousands

		Prior Years	FY2002 Qty:		FY2003 Qty:		FY2004 Qty: 9		FY2005 Qty: 7	
		Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost
1	Airframe/CFE						18,482.776	166,344.986	15,240.069	106,680.482
2	Engine/Accessory						1,285.099	11,565.890	1,189.771	8,328.394
3	CFE Mission Elec						696.327	6,266.946	-	-
4	GFE Electronics						893.936	8,045.420	1,427.293	9,991.049
5	Armament						34.971	314.740	763.119	5,341.831
6	Other GFE						969.294	8,723.650	675.166	4,726.160
7	Rec Flyaway ECO						575.373	5,178.358	381.002	2,667.012
8	Rec Flyaway Cost						22,937.777	206,439.989	19,676.418	137,734.927
9	Non-Recurring						1,901.273	17,111.456	579.751	4,058.260
10	Ancillary Equipment									
11										
12	Total Flyaway						24,839.049	223,551.445	20,256.170	141,793.187
13	Support Equipment							5,464.676		8,538.552
14	Pec Trng Equip							45,733.997		17,065.259
15	Pubs/Tech Data							7,280.916		10,420.480
16	Other ILS							10,574.624		3,291.809
17	Production Support							18,193.341		19,310.714
18	Reclamation	5,986.969								
19										
20										
21	Support Costs	5,986.969						87,247.554		58,626.813
22	Gross P-1	5,986.969						310,799.000		200,420.000
23	Adv Proc Credit									
24	Net P-1 Cost	5,986.969						310,799.000		200,420.000
25	Adv Proc CY									
26	Weapon System Cost	5,986.969						310,799.000		200,420.000
27	Initial Spares							20,138.000		11,089.000
28	Procurement Cost	5,986.969					36,770.778	330,937.000	30,215.571	211,509.000

Note: Totals may not add due to rounding.

CLASSIFICATION: UNCLASSIFIED

BUDGET PROCUREMENT HISTORY AND PLANNING EXHIBIT (P-5A)	Weapon System UH-1Y/AH-1Z	A. DATE February 2003
B. APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy / BA-1	C. P-1 ITEM NOMENCLATURE UH-1Y/AH-1Z	SUBHEAD U14B

Cost Element/ FISCAL YEAR	QUANTITY	UNIT COST ($000)	LOCATION OF PCO	RFP ISSUE DATE	CONTRACT METHOD & TYPE	CONTRACTOR AND LOCATION	AWARD DATE	DATE OF FIRST DELIVERY	TECH DATA AVAILABLE NOW?	DATE REVISIONS AVAILABLE
Airframe/FY04	9	19,179.103	NAVAIR	Dec-02	SS FPIF	Bell Helicopter, Ft. Worth TX	Jan-04	Mar-06	Yes	
Airframe/FY05	7	15,240.069	NAVAIR	Dec-02	SS FPIF	Bell Helicopter, Ft. Worth TX	Nov-04	Jan-07	Yes	

D. REMARKS

CLASSIFICATION: UNCLASSIFIED

BUDGET PROCUREMENT HISTORY AND PLANNING EXHIBIT (P-5A)	Weapon System UH-1Y/AH-1Z	A. DATE February 2003
B. APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy / BA-1	C. P-1 ITEM NOMENCLATURE UH-1Y/AH-1Z	SUBHEAD U14B

Cost Element/ FISCAL YEAR	QUANTITY	UNIT COST ($000)	LOCATION OF PCO	RFP ISSUE DATE	CONTRACT METHOD & TYPE	CONTRACTOR AND LOCATION	AWARD DATE	DATE OF FIRST DELIVERY	TECH DATA AVAILABLE NOW?	DATE REVISIONS AVAILABLE
UH-1Y Engine /FY04	12	832.645	AMCOM	N/A	FFP	General Electric Lynn, MA	Jan 04	Sep 05	YES	
UH-1Y Engine/FY05	12	846.294	AMCOM	N/A	FFP	General Electric Lynn, MA	Nov 04	Aug 06	YES	

D. REMARKS

New engines will be procured for the UH-1Y only. The AH-1Z will utilize refurbished engines from the AH-1W aircraft.

FY 2004 BUDGET PRODUCTION SCHEDULE, P-21						DATE February 2003	
APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy/ BA-1					Weapon System UH-1Y/AH-1Z	P-1 ITEM NOMENCLATURE UH-1Y/AH-1Z	
		Production Rate			Procurement Leadtimes		
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
AH-1Z/ UH-1Y Airframe	Bell Helicopter, Ft. Worth TX	12	42	84	18	4	26		30	E

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2006												FISCAL YEAR 2007												BAL
									CALENDAR YEAR 2006												CALENDAR YEAR 2007										
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
AH-1Z Airframe	04	N	3	0	3						1			1			1													0
UH-1Y Airframe	04	N	6	0	6						1		1		1	1	1	1												0
AH-1Z Airframe	05	N	3	0	3																1		1					1		0
UH-1Y Airframe	05	N	4	0	4																1		1			1			1	0

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2008												FISCAL YEAR 2009												BAL
									CALENDAR YEAR 2008												CALENDAR YEAR 2009										
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	

Note: Maximum economic production rate is constrained by Fleet turn-in limitations. Fleet turn-in is limited to 38 AH-1W and 16 UH-1N airframes per year.

FY 2004 BUDGET PRODUCTION SCHEDULE, P-21					DATE February 2003
APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy/ BA-1			Weapon System UH-1Y		P-1 ITEM NOMENCLATURE UH-1Y/AH-1Z

		Production Rate			Procurement Leadtimes					
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
Engine T700-GE-401C	General Electric, Lynn, MA	12	420	840	4	4		20	24	E
(with DECU)										

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2005												FISCAL YEAR 2006										BAL
									CALENDAR YEAR 2005												CALENDAR YEAR 2006									
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
UH-1Y/Engines	04	N	12	0	12												2		2		2		2		2		2			0
UH-1Y/Engines	05	N	8	0	8																							1	2	5

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2007												FISCAL YEAR 2008										BAL
									CALENDAR YEAR 2007												CALENDAR YEAR 2008									
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
UH-1Y/Engines	05	N	8	3	5	1	2		2																					0

New engines will be procured for the UH-1Y only. The AH-1Z will utilize refurbished engines from the AH-1W aircraft.

CLASSIFICATION: UNCLASSIFIED

BUDGET ITEM JUSTIFICATION SHEET P-40											DATE: February 2003	
APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy/Combat Aircraft (BA-1)							P-1 ITEM NOMENCLATURE MH-60S Vertical Replenishment (MYP)					
Program Element for Code B Items: 0204453N							Other Related Program Elements					
	Prior Years	ID Code	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	To Complete	Total Program
QUANTITY	37	A	13	15	13	15	26	30	30	40	18	237
Net P-1 Cost ($M)	622.731	A	182.187	275.378	336.536	296.396	459.493	559.113	501.877	802.410	349.242	4,385.363
Advance Proc ($M)	172.515	A	69.297	77.360	94.972	105.371	133.324	136.038	183.149	92.644		1,064.670
Wpn Sys Cost ($M)	795.246	A	251.484	352.738	431.508	401.767	592.817	695.151	685.026	895.054	349.242	5,450.033
Initial Spares ($M)	53.088	A	21.781	13.627	13.938	20.366	29.722	4.069	4.684	3.276		164.551
Proc Cost ($M)	848.334	A	273.265	366.365	445.446	422.133	622.539	699.220	689.710	898.330	349.242	5,614.584
Unit Cost ($M)	22.928	A	21.020	24.424	34.265	28.142	23.944	23.307	22.990	22.458	19.402	23.690

Mission & Description:

The Helicopter Combat Support (HC) mission of the MH-60S is to maintain forward deployed fleet sustainability through rapid airborne delivery of materials and personnel and to support amphibious operations through search and rescue coverage. The primary roles of the aircraft are to conduct vertical replenishment (VERTREP), day/night ship-to-ship, ship-to-shore, and shore-to-ship external transfer of cargo; internal transport of passengers, mail and cargo, vertical onboard delivery (VOD); airhead operations, and day/night search and rescue (SAR). Armed Helo and Organic Airborne Mine Countermeasures (OAMCM) have been added as primary mission areas for the MH-60S, to be completed as block upgrades to the platform. The purpose of the Armed helo program is to provide Combat Search and Rescue (CSAR), Anti Surface Warfare (SUW), and Force Protection (FP). The purpose of the OAMCM program is to ensure integration of five separate sensors into the MH-60S helicopter. The AMCM mission will provide Carrier Battle Groups (CVBGs) and Amphibious Readiness Groups (ASGs) with an OAMCM capability. The aircraft secondary roles include torpedo and drone recovery, noncombatant evacuation operations (NEO), SEAL and EOD support.

Basis for Request:

FY04 funds the procurement of 13 MH-60S aircraft. This is the third year of an approved 5 year joint service multiyear procurement (MYP).

Note: FY 2001 and prior years were executed in Aircraft Procurement, Navy, Budget Activity 2, Airlift Aircraft.

Note: AP adjusted in FY-03 through FY-05 due to award of multiyear contract.

Note: Totals may be off due to rounding.

AIRCRAFT COST ANALYSIS

Aircraft Model: MH-60S VERTREP

Date: February 2003

P-5 Cost Sheet
$ in thousands

ITEM	Prior Years Qty: 37 Total Cost	FY 2002 Unit Cost	FY 2002 Qty: 13 Total Cost	FY 2003 Unit Cost	FY 2003 Qty: 15 Total Cost	FY 2004 Unit Cost	FY 2004 Qty: 13 Total Cost	FY 2005 Unit Cost	FY 2005 Qty: 15 Total Cost
1. AIRFRAME/CFE	423,561.857	11,726.887	152,449.526	11,625.020	174,375.306	12,911.503	167,849.539	13,097.692	196,465.375
2. ENGINE/ACCESSORIES	51,407.530	1,510.127	19,631.656	1,547.747	23,216.202	1,595.300	20,738.897	1,621.450	24,321.750
3. CFE ELECTRONICS									
4. GFE ELECTRONICS	95,397.448	2,452.052	31,876.677	2,564.254	38,463.810	2,593.611	33,716.948	2,795.326	41,929.889
5. ARMAMENT									
6. OTHER GFE	2,938.356	22.734	295.544	275.023	4,125.340	39.240	510.125	284.592	4,268.887
GFE SUBTOTAL	149,743.334	3,984.914	51,803.877	4,387.023	65,805.352	4,228.152	54,965.970	4,701.368	70,520.526
7. REC FLYAWAY ECO		165.137	2,146.779	327.128	4,906.923	205.318	2,669.129	196.305	2,944.577
8. REC FLYAWAY COST	573,305.192	15,876.937	206,400.182	16,339.172	245,087.581	17,344.972	225,484.639	17,995.365	269,930.479
9. NON-RECURRING	19,154.477				23,917.864		33,330.903		
10. ANCILLARY EQUIPMENT			9,495.039		22,237.907		22,923.261		48,100.933
11.									
12. TOTAL FLYAWAY COST	592,459.669		215,895.221		291,243.351		281,738.803		318,031.412
13. AIRFRAME PGSE	18,040.680		2,976.242		5,937.540		7,773.398		7,042.076
14. ENGINE PGSE	1,216.755		489.850		300.000		616.073		1,092.018
15. AVIONICS PGSE	11,848.594		1,634.887		4,443.100		7,356.390		4,653.598
16. PEC TRAINING EQUIP	42,794.663		7,967.805		16,158.228		92,509.794		35,644.069
17. PUBS/TECH DATA	11,375.138		5,348.775		6,573.445		6,756.274		6,027.860
18. WEAPON SYSTEM			648.703		832.044		820.496		832.301
19. FIELD ACTIVITIES	32,085.353		16,033.448		11,087.446		9,467.855		14,076.946
20. ILS/LS/MES	4,311.558		1,879.068		5,529.846		5,076.917		4,517.722
21. PRODUCTION SUPPORT	5,410.590								
SPARES	5,016.000								
22. SUPPORT COST	132,099.331		36,978.779		50,861.649		130,377.197		73,886.588
23. GROSS P-1 COST	724,559.000		252,874.000		342,105.000		412,116.000		391,918.000
24. ADV PROC CREDIT	-101,828.000		-70,687.000		-66,727.000		-75,580.000		-95,522.000
25. NET P-1 COST	622,731.000		182,187.000		275,378.000		336,536.000		296,396.000
26. ADV PROCUREMENT	172,515.000		69,297.000		77,360.000		94,972.000		105,371.000
27. WEAPONS SYSTEM	795,246.000		251,484.000		352,738.000		431,508.000		401,767.000
28. INITIAL SPARES	53,088.000		21,781.000		13,627.000		13,938.000		20,366.000
29. PROCUREMENT COST	848,334.000		273,265.000		366,365.000		445,446.000		422,133.000

CLASSIFICATION: UNCLASSIFIED

BUDGET PROCUREMENT HISTORY AND PLANNING EXHIBIT (P-5A)	Weapon System: MH-60S VERTREP	A. DATE: February 2003
B. APPROPRIATION/BUDGET ACTIVITY: Aircraft Procurement, Navy/Combat Aircraft (BA-1)	C. P-1 ITEM NOMENCLATURE: MH-60S Vertical Replenishment (MYP)	SUBHEAD: U1VR

Cost Element/ FISCAL YEAR	QUANTITY	UNIT COST ($000)	LOCATION OF PCO	RFP ISSUE DATE	CONTRACT METHOD & TYPE	CONTRACTOR AND LOCATION	AWARD DATE	DATE OF FIRST DELIVERY	TECH DATA AVAILABLE NOW?	DATE REVISIONS AVAILABLE
Airframe/CFE										
FY 2002	13	11,726	Army	10/00	SS/MYP	Sikorsky, Stratford, CT	9/02	9/02	Yes	N/A
FY 2002 for FY 2003 AP			Army	10/00	SS/MYP	Sikorsky, Stratford, CT	9/02		Yes	N/A
FY 2003	15	11,625	Army	10/00	SS/MYP	Sikorsky, Stratford, CT	12/02	7/03	Yes	N/A
FY 2003 for FY 2004 AP			Army	10/00	SS/MYP	Sikorsky, Stratford, CT	12/02		Yes	N/A
FY 2004	13	12,911	Army	10/00	SS/MYP	Sikorsky, Stratford, CT	12/03	7/04	Yes	N/A
FY 2004 for FY 2005 AP			Army	10/00	SS/MYP	Sikorsky, Stratford, CT	12/03		Yes	N/A
FY 2005	15	13,098	Army	10/00	SS/MYP	Sikorsky, Stratford, CT	12/04	7/05	Yes	N/A
FY 2005 for FY 2006 AP			Army	10/00	SS/MYP	Sikorsky, Stratford, CT	12/04		Yes	N/A

D. REMARKS

The airframe is under an Army multiyear contract.

FY-02 contract award delayed due to delays in reaching price agreement with Sikorsky Aircraft as well as delay in MSIII decision. MSIII approved 12 Aug 2002.

Note: The amounts may be off due to rounding.

CLASSIFICATION: UNCLASSIFIED

BUDGET PROCUREMENT HISTORY AND PLANNING EXHIBIT (P-5A)	Weapon System MH-60S VERTREP	A. DATE February 2003
B. APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy/Combat Aircraft (BA 1)	C. P-1 ITEM NOMENCLATURE MH-60S Vertical Replenishment (MYP)	SUBHEAD U1VR

Cost Element/ FISCAL YEAR	QUANTITY	UNIT COST ($000)	LOCATION OF PCO	RFP ISSUE DATE	CONTRACT METHOD & TYPE	CONTRACTOR AND LOCATION	AWARD DATE	DATE OF FIRST DELIVERY	TECH DATA AVAILABLE NOW?	DATE REVISIONS AVAILABLE
Engine										
FY 2002	26	697	Army	6/97	SS/FFP	GE, Lynn, Mass	1/02	5/02	Yes	N/A
FY 2002 for FY 2003 AP			Army	6/97	SS/FFP	GE, Lynn, Mass	3/02		Yes	N/A
FY 2003	30	707	Army	12/02	SS/FFP	GE, Lynn, Mass	1/03	3/03	Yes	N/A
FY 2003 for FY 2004 AP			Army	12/02	SS/FFP	GE, Lynn, Mass	1/03		Yes	N/A
FY 2004	26	718	Army	12/02	SS/FFP	GE, Lynn, Mass	1/04	3/04	Yes	N/A
FY 2004 for FY 2005 AP			Army	12/02	SS/FFP	GE, Lynn, Mass	1/04		Yes	N/A
FY 2005	30	730	Army	12/02	SS/FFP	GE, Lynn, Mass	1/05	3/05	Yes	N/A
FY 2005 for FY 2006 AP			Army	12/02	SS/FFP	GE, Lynn, Mass	1/05		Yes	N/A

D. REMARKS

The engines are on an Army contract.

Note: The amounts may be off due to rounding.

PRODUCTION SCHEDULE, P-21					DATE February 2003
APPROPRIATION/BUDGET ACTIVITY		Weapon System	P-1 ITEM NOMENCLATURE		
Aircraft Procurement, Navy/Combat Aircraft (BA 1)		**MH-60S VERTREP**	MH-60S Vertical Replenishment (MYP)		

		Production Rate			Procurement Leadtimes					
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
Airframe	Sikorsky Aircraft Div	18	24	60	9	3	18	19	22	E
	Stratford, CT									

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2002												FISCAL YEAR 2003										BAL
						2001	CALENDAR YEAR 2002											CALENDAR YEAR 2003										
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
Airframe	00	N	16	12	4	1		2			1																		0
Airframe	01	N	15	0	15		2	3		1	2	1	2	1	2						1								0
Airframe	02	N	13	0	13												2	1	2	1	2	1	1	1	1	1				0
Airframe	03	N	15	0	15																						1	1	1	12

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2004												FISCAL YEAR 2005										BAL
						2003	CALENDAR YEAR 2004											CALENDAR YEAR 2005										
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
Airframe	03	N	15	3	12	2	1	1	1	1	1	1	2	2															0
Airframe	04	N	13	0	13										2	1	1	1	1	1	1	1	1	1	1	1			0
Airframe	05	N	15	0	15																						1	1	2	11

Remarks: This is the Army/Navy Multi-Year proposed contract schedule. FY00 included a Congressional plus up of four aircraft and because no advance procurement was provided, for delivery purposes they should be considered as FY01 aircraft. FY01 includes a Congressional plus up of two aircraft and because no advance procurement was provided, they should be considered as FY02 aircraft.

PRODUCTION SCHEDULE, P-21				DATE February 2003
APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy/Combat Aircraft (BA 1)		Weapon System **MH-60S VERTREP**		P-1 ITEM NOMENCLATURE MH-60S Vertical Replenishment (MYP)

		Production Rate			Procurement Leadtimes					
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
Airframe	Sikorsky Aircraft Div	18	24	60	9	3	18	19	22	E
	Stratford, CT									

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2006												FISCAL YEAR 2007												BAL
						2005			CALENDAR YEAR 2006												CALENDAR YEAR 2007										
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
Airframe	05	N	15	5	11	1	2	1	1	1	2	1	1	1																0

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2008												FISCAL YEAR 2009												BAL
						2007			CALENDAR YEAR 2008												CALENDAR YEAR 2009										
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	

Remarks: This is the Army/Navy Multi-Year proposed contract schedule.

PRODUCTION SCHEDULE, P-21					DATE February 2003
APPROPRIATION/BUDGET ACTIVITY		Weapon System	P-1 ITEM NOMENCLATURE		
Aircraft Procurement, Navy/Combat Aircraft (BA 1)		MH-60S VERTREP	MH-60S Vertical Replenishment (MYP)		
		Production Rate	Procurement Leadtimes		

Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
Engines	General Electric Co.	0	168	960	9	4	14	14	18	E
	Lynn, MA									

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2002												FISCAL YEAR 2003												BAL
						2001			CALENDAR YEAR 2002												CALENDAR YEAR 2003										
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
Engine	01	N	30	12	18	2	4	4	2	2	2	2																		0
Engine	02	N	26	0	26								2	2	2	2	2	2	4	2	2	2	2							0
Engine	03	N	30	0	30																		2	2	2	4	2	2	2	14

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2004												FISCAL YEAR 2005												BAL
						2003			CALENDAR YEAR 2004												CALENDAR YEAR 2005										
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
Engine	03	N	30	16	14	2	2	2	4	4																				0
Engine	04	N	26	0	26						4	2	2	2	2	2	2	2	2	2	2	2								0
Engine	05	N	30	0	30																		2	2	4	2	4	2	2	12

Remarks: The engines are on an Army contract.

PRODUCTION SCHEDULE, P-21					DATE February 2003
APPROPRIATION/BUDGET ACTIVITY		Weapon System	P-1 ITEM NOMENCLATURE		
Aircraft Procurement, Navy/Combat Aircraft (BA 1)		MH-60S VERTREP	MH-60S Vertical Replenishment (MYP)		
		Production Rate		Procurement Leadtimes	

Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
Engines	General Electric Co.	0	168	960	9	4	14	14	18	E
	Lynn, MA									

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2006												FISCAL YEAR 2007												BAL
						2005			CALENDAR YEAR 2006										CALENDAR YEAR 2007												
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
Engines	05	N	30	18	12	2	4	2	2	2																				0

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2008												FISCAL YEAR 2009												BAL
						2007			CALENDAR YEAR 2008										CALENDAR YEAR 2009												
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	

Remarks: The engines are on an Army contract.

PRODUCTION SCHEDULE, P-21					DATE February 2003
APPROPRIATION/BUDGET ACTIVITY		Weapon System	P-1 ITEM NOMENCLATURE		
Aircraft Procurement, Navy/Combat Aircraft (BA 1)		MH-60S VERTREP	MH-60S Vertical Replenishment (MYP)		
		Production Rate		Procurement Leadtimes	

Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
Avionics	Lockheed Martin	18	24	60	9	2	21	16	18	E
	Owega, NY									

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2002												FISCAL YEAR 2003												BAL
						2001			CALENDAR YEAR 2002												CALENDAR YEAR 2003										
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
Avionics	01	N	15	6	9	1	2	2	1	1	1	1																		0
Avionics	02	N	13	0	13								1	1	1	1	1	1	2	1	1	1	1							0
Avionics	03	N	15	0	15																		1	1	1	2	1	1	1	7

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2004												FISCAL YEAR 2005												BAL
						2003			CALENDAR YEAR 2004												CALENDAR YEAR 2005										
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
Avionics	03	N	15	8	7	1	1	1	2	2																				0
Avionics	04	N	13	0	13						2	1	1	1	1	1	1	1	1	1	1	1								0
Avionics	05	N	15	0	15																		1	1	2	1	2	1	1	6

PRODUCTION SCHEDULE, P-21					DATE February 2003
APPROPRIATION/BUDGET ACTIVITY		Weapon System	P-1 ITEM NOMENCLATURE		
Aircraft Procurement, Navy/Combat Aircraft (BA 1)		MH-60S VERTREP	MH-60S Vertical Replenishment (MYP)		
		Production Rate		Procurement Leadtimes	

Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
Avionics	Lockheed Martin	18	24	60	9	2	21	16	18	E
	Owega, NY									

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2006												FISCAL YEAR 2007												BAL
						2005			CALENDAR YEAR 2006												CALENDAR YEAR 2007										
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
Avionics	05	N	15	9	6	1	2	1	1	1																			0

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2008												FISCAL YEAR 2009												BAL
						2007			CALENDAR YEAR 2008												CALENDAR YEAR 2009										
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	

BUDGET ITEM JUSTIFICATION SHEET P-40							DATE: February 2003					
APPROPRIATION/BUDGET ACTIVITY: Aircraft Procurement, Navy/Combat Aircraft (BA-1)							P-1 ITEM NOMENCLATURE: MH-60S Advance Procurement (MYP)					
Program Element for Code B Items: 0204453N							Other Related Program Elements: None					
	Prior Years	ID Code	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	To Complete	Total
COST (In Millions)	**$172.515**	B	**$69.297**	**$77.360**	**$94.972**	**$105.371**	**$133.324**	**$136.038**	**$183.149**	**$92.644**	**$0.000**	**$1,064.670**

MISSION AND DESCRIPTION: The Helicopter Combat Support (HC) mission of the MH 60S is to maintain forward deployed fleet sustainability through rapid airborne delivery of materials and personnel and to support amphibious operations through search and rescue coverage. The primary roles of the aircraft are to conduct vertical replenishment (VERTREP), day/night ship-to-ship, ship-to-shore, and shore-to-ship external transfer of cargo; internal transport of passengers, mail and cargo, vertical onboard delivery (VOD); airhead operations, and day/night search and rescue (SAR). The aircraft secondary roles include torpedo and drone recovery, noncombatant evacuation operations (NEO), SEAL and UDT support.

BASIS FOR FY 2004 BUDGET REQUEST: FY 2004 advance procurement funds are requested for procurement of FY05 long lead engines, common cockpits, misc. other avionics, and termination liablility for the airframe in support of the MH-60S portion of a joint Army-Navy 5 year (FY 2002 - FY 2006) Multiyear procurement for the UH-60L Blackhawk and MH-60S Seahawk aircraft. The advance procurement funding strategy for common cockpits changes for FY-05 and outyears to termination liability.

Note: FY 2001 and prior years were executed in Aircraft Procurement, Navy, Budget Activity 2, Airlift Aircraft.

Note: AP adjusted in FY-03 through FY-05 due to award of multiyear contract.

Note: Amounts may be off due to rounding.

Exhibit P-10 Advance Procurement Requirements Analysis (Page 1 - Funding)							Date: February 2003						
Appropriation (Treas) Code/CC/BA/BSA/Item Control Number Aircraft Procurement, Navy/Combat Aircraft (BA-1)							P-1 Line Item Nomenclature MH-60S Advance Procurement (MYP)						
Weapon System MH-60S VERTREP (MYP)					First System (BY1) Award Date Dec-03				Interval Between Systems Monthly				
($ in Millions)													
	PLT	When Rqd	Prior Years	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	To Complete	Total
End Item Qty			50	15	13	15	26						
CFE - Airframe (TL)	19	24	43.664										
EOQ/Long Lead													
FY 2002													
FY 2003				19.650									
FY 2004				1.140	23.850								
FY 2005				0.860	1.670	31.600							
FY 2006				0.570	1.250	1.980	33.300						
Total EOQ/Long Lead				22.220	26.770	33.580	33.300						
GFE - Engine/APU	14	4	46.042	14.919	20.739	24.322	42.886						
GFE - Cockpit	15	4	68.56	26.177	27.978	32.811							
GFE - Cockpit (TL)	15	4					19.259						
GFE - A/C Misc Avn	Var	Var	14.249	5.981	1.873	4.259	9.925						
Other *													
Total AP			172.515	69.297	77.360	94.972	105.371						

Description:

Airframes, engines, common cockpit, and misc. other avionics requirements reflect funding requirements for procurement of long lead parts and materials necessary to maintain the MH-60S delivery schedule. CFE - Airframe (TL) is directly related to the end item quantity. GFE - Engine/Avionics is directly related to the number of units delivered in the first 9 months of the aircraft delivery schedule (P-21). GFE - Cockpits through FY-04 is directly related to the number of units delivered in the first 9 months of the aircraft delivery schedule (P-21). GFE - Cockpits for FY-05 and outyears will be for Termination Liability.

* Specify other items for all pages of this exhibit.

Exhibit P-10 Advance Procurement Requirements Analysis (Page 2 - Budget Justification)							Date: February 2003		
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number Aircraft Procurement, Navy/Combat Aircraft (BA-1)					Weapon System MH-60S VERTREP (MYP)		P-1 Line Item Nomenclature MH-60S Advance Procurement (MYP)		
(TOA, $ in Millions)									
	PLT	QPA	Unit Cost	FY 2003 for FY 2004 Qty	FY 2003 Contract Forecast Date	FY 2003 Total Cost Request	FY 2004 for FY 2005 Qty	FY 2004 Contract Forecast Date	FY 2004 Total Cost Request
End Item				13			15		
CFE - Airframe (TL)	19	1			Dec-02	26.8		Dec-03	33.6
GFE - Engine/APU	14	2	0.8	26	Jan-03	20.7	30	Jan-04	24.3
GFE - A/C Common Cockpit	15	1	2.2	13	Jan-03	28.0	15	Jan-04	32.8
GFE - A/C Misc Avionics	Var	Var	Var	Var	Var	1.9	Var	Var	4.3
Total Advance Proc						77.4			95.0

Description:

CLASSIFICATION: **UNCLASSIFIED**

BUDGET ITEM JUSTIFICATION SHEET P-40											DATE: February 2003	
APPROPRIATION/BUDGET ACTIVITY: Aircraft Procurement, Navy/BA 1					P-1 ITEM NOMENCLATURE: MH-60R							
Program Element for Code B Items: PE 0204243N					Other Related Program Elements: P.E. 0604216N Multi Mission Helicopter Upgrade Development							
	Prior Years	ID Code	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	To Complete	Total Program
QUANTITY	5	B	0	0	6	10	15	21	31	31	122	241
Net P-1 Cost ($M)	277.004	B	14.428	88.294	352.057	361.012	504.369	659.226	965.099	988.020	2,949.769	7,159.278
Advance Proc ($M)		B		28.666	46.472	70.731	99.824	148.617	150.967	153.239	464.050	1,162.566
Wpn Sys Cost ($M)	277.004	B	14.428	116.960	398.529	431.743	604.193	807.843	1,116.066	1,141.259	3,413.819	8,321.844
Initial Spares ($M)	12.263	B			54.719	64.594	89.320	65.706	88.715	0.623		375.940
Proc Cost ($M)	289.267	B	14.428	116.960	453.248	496.337	693.513	873.549	1,204.781	1,141.882	3,413.819	8,697.784
Unit Cost ($M)	57.853	B			75.541	49.634	46.234	41.598	38.864	36.835	27.982	36.090

Description:

Mission Description: The MH-60R Multi-Mission Helicopter provides battle group protection and adds significant capability in coastal littorals and regional conflicts. The MH-60R Multi-Mission Helicopter represents a significant avionics improvement to the H-60 series helicopters by enhancing primary mission areas of Undersea Warfare (USW) and Surface Warfare (SUW). Airborne Low Frequency Sonar (ALFS) will be added to enhance the existing acoustic suite. An added Multi-Mode Radar (MMR) includes an Inverse Synthetic Aperture Radar Mode (ISAR) (permits stand-off classification of hostile threats). An improved Electronics Surveillance Measures system (ESM) will enable passive detection and targeting of radar sources not currently detectable. FY03 and out reflects a new production procurement strategy.

Basis for Request: This request funds the procurement of 6 aircraft in FY04 and 10 aircraft in FY05, and associated support.

Date: February 2003

AIRCRAFT COST ANALYSIS P-5 Cost Sheet

Aircraft model: MH-60R

$ in thousands

		Prior Years	FY 2002 Qty:		FY 2003 Qty:		FY 2004 Qty: 6		FY 2005 Qty: 10	
		Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost
1	Airframe CFE	161,689.293					29,105.947	174,635.684	24,408.018	244,080.178
2	Engines/Eng Acc						1,395.078	8,370.467	1,417.945	14,179.448
3	CFE Electronics									
4	GFE Electronics	12,266.660					3,626.566	21,759.394	3,789.322	37,893.219
5	Armament									
6	Other GFE									
7	Rec Flyaway ECO						1,746.357	10,478.141	1,073.953	10,739.528
8	Rec Flyaway Cost	173,955.953					35,873.948	215,243.686	30,689.237	306,892.373
9	Non-Recur Cost	61,203.000		3,255.000		37,135.000		59,945.074		
10	Ancillary Equip	11,170.645		6,700.000				11,536.278		16,205.270
11										
12	Total Flyaway	246,329.598		9,955.000		37,135.000	47,787.506	286,725.038	32,309.764	323,097.643
13	Airframe PGSE									
14	Engine PGSE									
15	Avionics PGSE	3,343.522				1,448.743		16,328.047		32,953.246
16	Pec Trng Eq	1,440.783				34,272.762		52,593.288		23,636.665
17	Pubs/Tech Data					1,892.054		6,073.050		7,226.409
18	Weapons System	4,497.159						995.612		1,068.536
19	Field Activities	16,682.611		3,289.325		6,604.833		11,324.168		11,824.432
20	ILS/LSA/MES	4,710.327		1,183.675		6,940.608		6,683.797		7,677.069
21										
22	Support Cost	30,674.402		4,473.000		51,159.000		93,997.962		84,386.357
23	Gross P-1 Cost	277,004.000		14,428.000		88,294.000		380,723.000		407,484.000
24	Adv Proc Credit							-28,666.000		-46,472.000
25	Net P-1 Cost	277,004.000		14,428.000		88,294.000		352,057.000		361,012.000
26	Adv Proc CY					28,666.000		46,472.000		70,731.000
27	Weapon System Cost	277,004.000		14,428.000		116,960.000		398,529.000		431,743.000
28	Initial Spares	12,263.000						54,719.000		64,594.000
29	Procurement Cost	289,267.000		14,428.000		116,960.000		453,248.000		496,337.000

CLASSIFICATION: UNCLASSIFIED

BUDGET PROCUREMENT HISTORY AND PLANNING EXHIBIT (P-5A)	Weapon System MH-60R	A. DATE February 2003
B. APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy/BA 1	C. P-1 ITEM NOMENCLATURE MH-60R	SUBHEAD U1SH

Cost Element/ FISCAL YEAR	QUANTITY	UNIT COST	LOCATION OF PCO	RFP ISSUE DATE	CONTRACT METHOD & TYPE	CONTRACTOR AND LOCATION	AWARD DATE	DATE OF FIRST DELIVERY	TECH DATA AVAILABLE NOW?	DATE REVISIONS AVAILABLE
Advance Procurement										
Airframe T.L./FY03 for FY04	N/A	N/A	NAVAIR	SEP 02	SS/TBD	Sikorsky-Air Vehicle Stratford, CT	MAR 03		YES	N/A
Airframe T.L./FY04 for FY05	N/A	N/A	NAVAIR	SEP 03	SS/TBD	Sikorsky-Air Vehicle Stratford, CT	MAR 04		YES	N/A
Airframe T. L./FY05 for FY06	N/A	N/A	NAVAIR	SEP 04	SS/TBD	Sikorsky-Air Vehicle Stratford, CT	MAR 05		YES	N/A
Airframe/CFE										
FY2004 Reg.	6	29,106	NAVAIR	SEP 03	SS/TBD	Lockheed Martin-Avionics Owego, NY	MAR 04	JUL 05	YES	N/A
			NAVAIR	SEP 03	SS/TBD	Sikorsky-Air Vehicle Stratford, CT	MAR 04	MAR 05	YES	N/A
FY2005 Reg.	10	24,408	NAVAIR	SEP 04	SS/TBD	Lockheed Martin-Avionics Owego, NY	MAR 05	JUL 06	YES	N/A
			NAVAIR	SEP 04	SS/TBD	Sikorsky-Air Vehicle Stratford, CT	MAR 05	MAR 06	YES	N/A
Engines										
FY2004	12	698	Army	MAY 03	SS/FFP	General Electric Lynn, MA	NOV 03	NOV 04	YES	N/A
FY2005	20	709	Army	MAY 04	SS/FFP	General Electric Lynn, MA	NOV 04	NOV 05	YES	N/A

D. REMARKS

T. L. is Termination Liability
The engines for the MH-60R will be procured utilizing an existing contract through the Army.

FY 2004 BUDGET PRODUCTION SCHEDULE, P-21

DATE February 2003

APPROPRIATION/BUDGET ACTIVITY: Aircraft Procurement, Navy/BA1

Weapon System

P-1 ITEM NOMENCLATURE: **MH-60R**

Item	Manufacturer's Name and Location	Production Rate MSR	ECON	MAX	Procurement Leadtimes ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
Avionics	Lockheed Martin,Owego NY	12	24	48	12	5	28	28	33	E
Airframe	Sikorsky Aircft, Stratford CT									

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2002 / 2001 OCT	NOV	DEC	CALENDAR YEAR 2002 JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	FISCAL YEAR 2003 / CALENDAR YEAR 2002 OCT	NOV	DEC	CALENDAR YEAR 2003 JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	BAL
Airframe/Avionics (MH-60R)	00	N	5	0	5					1		1				1		2												0

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2004 / 2003 OCT	NOV	DEC	CALENDAR YEAR 2004 JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	FISCAL YEAR 2005 / CALENDAR YEAR 2004 OCT	NOV	DEC	CALENDAR YEAR 2005 JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	BAL
Airframe/Avionics (MH-60R)	04	N	6	0	6																						1		1	4

Note: The airframe is delivered from Sikorsky to Lockheed Martin (4) months prior, for the incorporation of the Avionics System. The dates in the delivery schedule reflect the month in which the airframe is delivered with full Avionics from Lockheed Martin to the government.

FY 2004 BUDGET PRODUCTION SCHEDULE, P-21 | DATE February 2003

APPROPRIATION/BUDGET ACTIVITY: Aircraft Procurement, Navy/BA1 | Weapon System | P-1 ITEM NOMENCLATURE: **MH-60R**

		Production Rate			Procurement Leadtimes					
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
Avionics	Lockheed Martin,Owego NY	12	24	48	12	5	28	28	33	E
Airframe	Sikorsky Aircft, Stratford CT									

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2006												FISCAL YEAR 2007										BAL
						2005	CALENDAR YEAR										2006	CALENDAR YEAR									2007	
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
Airframe/Avionics (MH-60R)	04	N	6	2	4		1		1		1		1																0
Airframe/Avionics (MH-60R)	05	N	10	0	10										1		1		1	1	1	1	1	1	1				0

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2008												FISCAL YEAR 2009										BAL
						2007	CALENDAR YEAR										2008	CALENDAR YEAR									2009	
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	

FY 2004 BUDGET PRODUCTION SCHEDULE, P-21

DATE February 2003

APPROPRIATION/BUDGET ACTIVITY: Aircraft Procurement, Navy/BA1

Weapon System

P-1 ITEM NOMENCLATURE: **MH-60R**

Item	Manufacturer's Name and Location	Production Rate MSR	ECON	MAX	Procurement Leadtimes ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
Engines	General Electric Co.	6	72	144	3	1	12	12	13	E
	Lynn, MA									

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2002 / 2001 OCT	NOV	DEC	CALENDAR YEAR 2002 JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	FISCAL YEAR 2003 / CALENDAR YEAR 2002 OCT	NOV	DEC	CALENDAR YEAR 2003 JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	BAL

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2004 / 2003 OCT	NOV	DEC	CALENDAR YEAR 2004 JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	FISCAL YEAR 2005 / CALENDAR YEAR 2004 OCT	NOV	DEC	CALENDAR YEAR 2005 JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	BAL
Engine	04	N	12	0	12														2		2		2		2		2		2	0

FY 2004 BUDGET PRODUCTION SCHEDULE, P-21

DATE February 2003

APPROPRIATION/BUDGET ACTIVITY: Aircraft Procurement, Navy/BA1

Weapon System

P-1 ITEM NOMENCLATURE: **MH-60R**

Item	Manufacturer's Name and Location	Production Rate MSR	ECON	MAX	Procurement Leadtimes ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
Engines	General Electric Co.	6	72	144	3	1	12	12	13	E
	Lynn, MA									

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2006 / 2005 OCT	NOV	DEC	CALENDAR YEAR 2006 JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	FISCAL YEAR 2007 / 2006 OCT	NOV	DEC	CALENDAR YEAR 2007 JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	BAL
Engine	05	N	20	0	20		2		2		2	2	2	2	2	2	2	2												0

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2008 / 2007 OCT	NOV	DEC	CALENDAR YEAR 2008 JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	FISCAL YEAR 2009 / 2008 OCT	NOV	DEC	CALENDAR YEAR 2009 JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	BAL

BUDGET ITEM JUSTIFICATION SHEET **P-40**					DATE: February 2003							
APPROPRIATION/BUDGET ACTIVITY **Aircraft Procurement, Navy/(BA-1)**					P-1 ITEM NOMENCLATURE MH-60R Advance Procurement							
Program Element for Code B Items: PE 0204243N					Other Related Program Elements P.E. 0604216N Multi Mission Helicopter Upgrade Development							
	Prior Years	ID Code	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	To Complete	Total
COST (In Millions)		B		$28.666	$46.472	$70.731	$99.824	$148.617	$150.967	$153.239	$464.050	$1,162.566

MISSION AND DESCRIPTION: The MH-60R Multi-Mission helicopter provides battle group protection and adds significant capability in coastal littorals and regional conflicts. The MH-60R Multi-Mission Helicopter represents a significant avionics improvement to the H-60 series helicopters by enhancing primary mission areas of Undersea Warfare (USW) and Surface Warfare (SUW). Airborne Low Frequency Sonar (ALFS) will be added to enhance the existing acoustic suite. An added Multi-Mode Radar (MMR) includes an Inverse Synthetic Aperture Radar (ISAR) mode (permits stand-off classification of hostile threats). An improved Electronics Surveillance Measures system (ESM) will enable passive detection and targeting of radar sources not currently detectable. FY03 and out reflects the new production procurement strategy.

BASIS FOR FY 2004 BUDGET REQUEST: FY 2004 advance procurement funds are requested for procurement of long lead items in support of the FY2005 aircraft procurement. This covers Airframe Contractor Furnished Equipment (CFE) Termination Liability (TL), Common Cockpits (GFE), and long lead items for miscellaneous Avionics Government Furnished Equipment (GFE).

Note: Amounts may be off due to rounding.

Exhibit P-10 Advance Procurement Requirements Analysis (Page 1 - Funding)				Date: February 2003									
Appropriation (Treas) Code/CC/BA/BSA/Item Control Number Aircraft Procurement, Navy/BA-1				P-1 Line Item Nomenclature MH-60R Advance Procurement									
Weapon System MH-60R			First System (BY1) Award Date FY03 for FY04 Production: 3/03			Interval Between Systems Monthly							
($ in Millions)													
	PLT	When Rqd	Prior Years	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	To Complete	Total
End Item Qty			5			6	10						
CFE - Airframe T.L.	28				10.643	16.370	26.038						
GFE Misc. Avionics	var.	var.			4.823	8.102	12.338						
GFE/Comm. Cockpit	32	21			13.200	22.000	32.355						
Other													
Total AP					28.666	46.472	70.731						

Description:

Airframe Contractor Furnished Equipment (CFE) includes Termination Liability, Common Cockpits (GFE), and miscellaneous avionics GFE long lead requirements necessary to maintain the MH-60R delivery schedule. Common Cockpits previously recorded as part of CFE/Termination Liability has been broken out as a seperate column heading (GFE/Common Cockpit) to accurately reflect program advance procurement costs.

Exhibit P-10 Advance Procurement Requirements Analysis (Page 2 - Budget Justification)							Date: February 2003		
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number Aircraft Procurement, Navy/BA-1				Weapon System MH-60R			P-1 Line Item Nomenclature MH-60R Advance Procurement		
(TOA, $ in Millions)									
	PLT	QPA	UNIT COST	FY2003 for FY 2004 Qty	FY 2003 Contract Forecast Date	FY 2003 Total Cost Request	FY2004 for FY 2005 Qty	FY 2004 Contract Forecast Date	FY 2004 Total Cost Request
End Item				6			10		
CFE - Airframe T.L.	28	1			Mar-03	10.6		Mar-04	16.4
GFE - Misc. Avionics	var	var		var	var	4.8	var	var	8.1
GFE/Comm Cockpits	32	1	2.2	6	Jan-03	13.2	10	Jan-04	22.0
Total Advance Proc						28.7			46.5

Description:

BUDGET ITEM JUSTIFICATION SHEET P-40											DATE: February 2003	
APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy/BA-1, Combat Aircraft					P-1 ITEM NOMENCLATURE E-2C (MYP)							
Program Element for Code B Items:					Other Related Program Elements							
	Prior Years	ID Code	FY 2002	FY 2003	FY 2004[2]	FY 2005[2]	FY 2006[2]	FY 2007[2]	FY 2008	FY 2009	To Complete	Total Program
QUANTITY	26	A	5	5	2	2	2	2	0	5	66	115
Net P-1 Cost ($M)	1,644.022		239.923	260.993	211.097	227.985	231.282	221.169	101.789	617.575	7,360.857	11,116.692
Advance Proc ($M)	588.400		33.745	26.966	17.409	18.113	23.300	0.000	74.895	114.943	915.446	1,813.217
Wpn Sys Cost ($M)	2,232.422		273.668	287.959	228.506	246.098	254.582	221.169	176.684	732.518	8,276.304	12,929.910
Initial Spares ($M)	64.249		43.123	20.970	3.675	1.880	7.716	11.739	0.000	17.073	240.729	411.154
Proc Cost ($M)	2,296.671		316.791	308.929	232.181	247.978	262.298	232.908	176.684	749.591	8,517.033	13,341.064
Unit Cost ($M)	88.334		63.358	61.786	116.091	123.989	131.149	116.454	0.000	149.918	129.046	116.009
Defense Emergency Response Fund (non-add)[1]			21.514									

Description:
The E-2C Hawkeye is an all weather, carrier-based, airborne early warning and command and control aircraft. It extends task force defense perimeters by providing early warning of approaching enemy units and by vectoring interceptors into attack position. Additionally, the E-2C Hawkeye provides strike control, radar surveillance, search and rescue assistance, communications relay and automatic tactical data exchange.

Basis for Request:
The FY2004 budget funds procurement of one (1) E-2C and one (1) TE-2C aircraft and their associated support.

Note 1:
The E-2C program received $21.5M for engine spares as part of the Defense Emergency Response Funding (DERF) which is not shown in the FY 2002 initial spares numbers.

Note 2:
During the FY04 to FY07 time period, in order to ensure the industrial base remains viable, funds are required to continue the deployment of the Cooperative Engagement Capability (CEC) and provide training aircraft to the fleet. Each year's procurement will consist of one (1) E-2C Hawkeye 2000 and one (1) TE-2C aircraft. The change of 5 aircraft per year to 2 aircraft per year causes an increase in unit cost due to the re-amortization of fixed costs. A multi-year contract (FY04-FY07) is required to execute these buys due to quantities below the minimum sustaining rate of four (4) aircraft per year. The TE-2C aircraft does not require a full complement of GFE Electronics as the E-2C does.

ITEM	PRIOR YEARS Total Cost	MULTIYEAR FY02 Unit Cost	MULTIYEAR 5 Total Cost	MULTIYEAR FY03 Unit Cost	MULTIYEAR 5 Total Cost	MULTIYEAR FY04 Unit Cost	MULTIYEAR 2 Total Cost	MULTIYEAR FY05 Unit Cost	MULTIYEAR 2 Total Cost
1. Airframe/CFE	973,167.402	37,370.228	186,851.139	37,720.541	188,602.704	70,431.132	140,862.265	77,289.408	154,578.815
2. CFE Mission Electronics	539,128.310	18,132.708	90,663.541	18,302.686	91,513.431	10,080.893	20,161.787	11,494.700	22,989.400
3. GFE Electronics	95,334.184	10,905.179	54,525.897	10,437.240	52,186.200	5,116.015	10,232.030	4,902.048	9,804.095
4. Engines	149,267.777	4,200.000	21,000.000	4,200.000	21,000.000	4,623.287	9,246.575	4,699.074	9,398.148
5. Engine Accessories	0.000	1,073.434	5,367.172	1,095.141	5,475.705	2,224.416	4,448.832	2,260.879	4,521.758
6. Other GFE	7,368.721	377.277	1,886.384	381.490	1,907.448	607.835	1,215.670	518.068	1,036.136
Subtotal GFE	251,970.683	16,555.891	82,779.453	16,113.871	80,569.354	12,571.553	25,143.107	12,380.069	24,760.138
7. Rec Flyaway ECO	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
8. Recurr Flyaway Cost	1,764,266.395	72,058.827	360,294.133	72,137.098	360,685.489	93,083.579	186,167.159	101,164.176	202,328.352
9. Nonrecurring Cost	38,642.356		0.000		3,500.000		19,493.944		16,009.076
10. Ancillary Equipment	0.000		0.000		0.000		0.000		0.000
11.	0.000		0.000		0.000		0.000		0.000
12. Total Flyaway Cost	1,802,908.751	72,058.827	360,294.133	72,837.098	364,185.489	102,830.551	205,661.103	109,168.714	218,337.429
13. Airframe PGSE	15,047.150		2,320.067		2,585.329		3,179.812		1,385.783
14. Engine PGSE	91.000		0.000		0.000		0.000		0.000
15. Avionics PGSE	2,568.655		197.713		268.808		275.528		103.561
16. Pec Training Equipment	13,672.734		1,311.805		36,407.223		2,270.618		1,354.691
17. Pubs/Tech Data	11,443.954		1,691.715		1,800.031		2,318.612		2,312.372
18. Production Support	115,586.756		14,010.568		20,691.120		24,357.327		19,900.165
19.	0.000		0.000		0.000		0.000		0.000
20.	0.000		0.000		0.000		0.000		0.000
21. Support ECO	0.000		0.000		0.000		0.000		0.000
22. Support COST	158,410.250		19,531.867		61,752.511		32,401.897		25,056.572
23. GROSS P-1 COST	1,961,319.001		379,826.000		425,938.000		238,063.000		243,394.000
24. ADV PROC CREDIT	-317,297.000		-139,903.000		-164,945.000		-26,966.000		-15,409.000
25. NET P-1 COST	1,644,022.001		239,923.000		260,993.000		211,097.000		227,985.000
26. ADV Procurement	588,400.000		33,745.000		26,966.000		17,409.000		18,113.000
27. Weapon System Cost	2,232,422.001		273,668.000		287,959.000		228,506.000		246,098.000
28. Initial Spares	64,249.000		43,123.000		20,970.000		3,675.000		1,880.000
29. Procurement Cost	2,296,671.001		316,791.000		308,929.000		232,181.000		247,978.000

FMS QTYS
02-2 03-0 04-0 05-0 06-0 07-0 08-0 09-0
P-1 Line Item No. 13
P-5 COST SHEET

CLASSIFICATION: UNCLASSIFIED

BUDGET PROCUREMENT HISTORY AND PLANNING EXHIBIT (P-5A)					Weapon System: E-2C HAWKEYE			A. DATE: February 2003		
B. APPROPRIATION/BUDGET ACTIVITY: Aircraft Procurement, Navy/BA-1, Combat Aircraft					C. P-1 ITEM NOMENCLATURE: E-2C HAWKEYE (MYP)				SUBHEAD: Y1A1	
Cost Element/ FISCAL YEAR	QUANTITY	UNIT COST	LOCATION OF PCO	RFP ISSUE DATE	CONTRACT METHOD & TYPE	CONTRACTOR AND LOCATION	AWARD DATE	DATE OF FIRST DELIVERY	TECH DATA AVAILABLE NOW?	DATE REVISIONS AVAILABLE
Airframe										
2002 Regular (Multi Year)	5	55,502.94	NAVAIR		SS FFP/MYP	Northrop Grumman St. Augustine, Fl	Dec 01	Mar 04	Yes	N/A
Advance (EOQ for MYP) (FY 02 for FY 03)		TL		December-98	AAC/MYP		Dec 01			
2003 Regular (Multi Year)	5	56,023.23	NAVAIR	December-98	SS FFP/MYP	Northrop Grumman St. Augustine, Fl	Dec 02	May 05	Yes	N/A
Advance for FY 04		TL		N/A	AAC		Feb 03			
2004 Regular (Multi Year)	2	80,512.03	NAVAIR	June-03	SS MYP	Northrop Grumman St. Augustine, Fl	Dec 03	Aug 06	Yes	N/A
Advance (EOQ for MYP) (FY 04 for FY 05-07)		TL/EOQ		TBD	AAC/MYP		Dec 03			
2005 Regular (Multi Year)	2	88,784.11	NAVAIR	TBD	SS MYP	Northrop Grumman St. Augustine, FL	Dec 04	Jul 07	Yes	N/A
Advance (EOQ for MYP) (FY 05 for FY 06-07)		TL/EOQ		TBD	AAC/MYP		Dec 04			

D. REMARKS: FY 04-07 will be MYP due to quantities being below minimum sustaining rate.

CLASSIFICATION: UNCLASSIFIED

BUDGET PROCUREMENT HISTORY AND PLANNING EXHIBIT (P-5A)	Weapon System: E-2C HAWKEYE	A. DATE: February 2003
B. APPROPRIATION/BUDGET ACTIVITY: Aircraft Procurement, Navy/BA-1, Combat Aircraft	C. P-1 ITEM NOMENCLATURE: E-2C HAWKEYE (MYP)	SUBHEAD: Y1A1

Cost Element/ FISCAL YEAR	QUANTITY	UNIT COST	LOCATION OF PCO	RFP ISSUE DATE	CONTRACT METHOD & TYPE	CONTRACTOR AND LOCATION	AWARD DATE	DATE OF FIRST DELIVERY	TECH DATA AVAILABLE NOW?	DATE REVISIONS AVAILABLE
Engines										
2002 Regular	10*	2,100.00	NAVAIR		SS FFP/MYP	Allison Indianapolis, IN	Dec 01	Aug 03	Yes	N/A
Advance (EOQ for MYP) (FY 02 for FY 03)		T/L		February-99	AAC/MYP		Dec 01			
2003 Regular	10*	2,100.00	NAVAIR	February-99	SS FFP/MYP	Allison Indianapolis, IN	Dec 02	Oct 04	Yes	N/A
Advance for FY 04		T/L		March-03	AAC		May 03			
2004 Regular	4*	2,311.64	NAVAIR	TBD	SS MYP	Allison Indianapolis, IN	Dec 03	Jan 06	Yes	N/A
Advance for FY 05		T/L		TBD	AAC/MYP		Dec 03			
2005 Regular	4*	2,349.54	NAVAIR	TBD	SS MYP	Allison Indianapolis, IN	Dec 04	Jan 07	Yes	N/A
Advance for FY 06		T/L		TBD	AAC/MYP		Dec 04			

D. REMARKS

*Quantity is 2 per aircraft.

PRODUCTION SCHEDULE, P-21				DATE February 2003
APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy/BA-1, Combat Aircraft			Weapon System **E-2C HAWKEYE**	P-1 ITEM NOMENCLATURE **E-2C HAWKEYE**

Item	Manufacturer's Name and Location	Production Rate MSR	Production Rate ECON	Production Rate MAX	Procurement Leadtimes ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
Airframe	Northrop Grumman	4	6	8	6	3		43	46	E
	St. Augustine, FL									

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2002												FISCAL YEAR 2003												BAL
						2001			CALENDAR YEAR 2002												CALENDAR YEAR 2003									
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
Airframe	99	N	3	0	3	1			1			1																		0
	00	N	3	0	3										1			1			1									0
	01	N	5	0	5																		1		1		1			2
	02	N	5	0	5																									5

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2004												FISCAL YEAR 2005												BAL
						2003			CALENDAR YEAR 2004												CALENDAR YEAR 2005									
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
Airframe cont'd	01	N	5	3	2		1		1																					0
	02	N	5	0	5						1		1						1		1		1							0
	03	N	5	0	5																				1		1		1	2

PRODUCTION SCHEDULE, P-21					DATE February 2003
APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy/BA-1, Combat Aircraft		Weapon System **E-2C HAWKEYE**		P-1 ITEM NOMENCLATURE **E-2C HAWKEYE**	

		Production Rate			Procurement Leadtimes					
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
Airframe	Northrop Grumman	4	6	8	6	3		43	46	E
	St. Augustine, FI									

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2006												FISCAL YEAR 2007										BAL
						2005			CALENDAR YEAR 2006												CALENDAR YEAR 2007									
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
Airframe (Cont.)	03	N	5	3	2		1			1																			0
	04	N	2	0	2											1						1							0
	05	N	2	0	2																					1			1

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2008												FISCAL YEAR 2009										BAL
						2008			CALENDAR YEAR 2008												CALENDAR YEAR 2009									
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
Airframe (Cont.)	05	N	2	1	1					1																			0

PRODUCTION SCHEDULE, P-21										DATE February 2003					
APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy/BA-1, Combat Aircraft								Weapon System **E-2C HAWKEYE**		P-1 ITEM NOMENCLATURE **E-2C HAWKEYE**					
			Production Rate			Procurement Leadtimes									
Item	Manufacturer's Name and Location		MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT		Reorder Mfg PLT		Total		Unit of Measure	
Engines	Allison Engine Company		6	12	42	9	3			36		39		E	
	Indianapolis, IN														

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2002												FISCAL YEAR 2003												BAL
						2001			CALENDAR YEAR 2002										CALENDAR YEAR 2003											
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
Engines	00	N	6	2	4						2			2																0
	01	N	10	0	10											2		2			2		2			2				0
	02	N	10	0	10																							2		8
	03	N	10	0	10																									10

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2004												FISCAL YEAR 2005												BAL
						2003			CALENDAR YEAR 2004										CALENDAR YEAR 2005											
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
Engines (Cont.)	02	N	10	2	8	2			2		2			2																0
	03	N	10	0	10													2		2		2		2		2				0
	04	N	4	0	4																									4
	05	N	4	0	4																									4

Exhibit P-21, Production Schedule

PRODUCTION SCHEDULE, P-21				DATE February 2003	
APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy/BA-1, Combat Aircraft		Weapon System **E-2C HAWKEYE**		P-1 ITEM NOMENCLATURE **E-2C HAWKEYE**	

		Production Rate			Procurement Leadtimes					
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
Engines	Allison Engine Company	6	12	42	9	3		36	39	E
	Indianapolis, IN									
					`					

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2006												FISCAL YEAR 2007												BAL
						2005			CALENDAR YEAR 2006										CALENDAR YEAR 2007												
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
Engines (Cont.)	04	N	4	0	4				2		2																			0
	05	N	4	0	4																2		2							0

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2008												FISCAL YEAR 2009												BAL
						2007			CALENDAR YEAR 2008										CALENDAR YEAR 2009												
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	

(Exhibit P-21, page 4 of 4)
Exhibit P-21, Production Schedule

P-1 Shopping List - Item No.13

DD Form 2445, JUL 87

Date: February 2003

Exhibit MYP-1, Multiyear Procurement Criteria

Program: E-2C FY 04/05/06/07 Aircraft and Engine Procurement

1. Multiyear Procurement Description:

This proposed multiyear procurement (MYP) covers the purchase of 4 E-2C and 4 TE-2C aircraft and 16 engines in FY2004 through FY2007 with two, four-year fixed price type contracts, one for engines and one for aircraft. These aircraft constitute the tenth through thirteenth year of E-2C re-production and will serve as a bridge to Low Rate Initial Production (LRIP) of E-2 Advanced Hawkeye (formerly known as the Radar Modernization Program) aircraft that are planned for FY2008 and out. From FY1999 through FY2003, 21 E-2C aircraft were procured using a MYP strategy.

2. Benefit to the Government:

a. Substantial Savings:

Implementation of this proposed MYP provides a stable industrial base during the transition to the E-2 Advanced Hawkeye aircraft. Minimum annual sustaining production of E-2C aircraft is 4 per year. MYP allows the industrial base to remain viable at less than the minimum sustaining quantity due to consolidated procurements and long term scheduling benefits.

Quantities supported by the E-2C MYP do not result in substantial cost savings. However, there is a cost avoidance that allows the MYP aircraft to retain a reasonable cost even at reduced quantities.

- Many of the aircraft's internal components have minimum buy quantities, which may not be met under single year procurements, driving up unit and total cost to artificially high levels. Multiyear procurement quantities allow prime contractors and subcontractors to address minimum order quantities and capture component savings.
- Administrative and production planning costs are reduced since there is only one proposal, negotiation, and contract vice four single year procurement actions. The prime contractor costs will also be reduced by affording them the opportunity to enter into multiyear contracts with their subcontractors.

- Reducing the number of production setups provides significant savings especially when producing components or materials with high setup to run ratios and low dollar value components. Castings and forgings are examples of areas in which lower prices can be negotiated with suppliers based on reduced setup costs associated with larger quantity procurements.

b. Stability of Requirement:

The requirement for the E-2C aircraft remains at a Total Authorized Allowance (TAA) of 75 aircraft over the foreseeable future. E-2 Advanced Hawkeye is a funded program, which requires the sustainment of the E-2C production line during FY2004 through FY2007.

c. Stability of Funding:

No funding realignment is required to support this MYP. E-2C transition to Advanced Hawkeye remains funded in the FYDP.

d. Stable Configuration:

The aircraft procured under this contract will retain the current Hawkeye 2000 baseline, which is being fielded under the FY 1999-2003 MYP.

e. Realistic Cost Estimate:

The NAVAIR Cost Analysis group participated in the validation of the contractors' multiyear proposals. The cost saving proposed by the contractors was evaluated for reasonableness. Specifically, the projected cost saving of 7.2 % compared favorably to the savings generated by other aviation programs.

f. National Security:

The Quadrennial Defense Review and Defense Planning Guidance have set the total program and FYDP production quantities as well as the maximum yearly production rate. These documents emphasize the criticality of the E-2C to overall National Security Strategy and demonstrate the Department's commitment to properly fund this weapons system to the quantities proposed in the multiyear plan.

3. Source of Savings:

	Airframe $ in Millions	Engine $ in Millions	Total $ in Millions
Inflation	1.1	0.1	1.2
Vendor Procurement	29.0	3.1	32.1
Manufacturing	28.2		28.2
Design/Engineering			
Tool Design			
Support Equipment			
Other			
Total	58.3	3.2	61.5

Advantages of the MYP:

This MYP strategy has been structured to minimize impact to the vendor base during the transition to E-2 Advanced Hawkeye, currently planned in FY 2008.

5. Impact on Industrial Base:

Historical procurement minimums for E-2C aircraft have been four per year. Reducing the quantity to two aircraft per year is only feasible when multiyear procurement agreements allow parts to be procured in larger quantities. Implementation of this proposed MYP will yield a favorable impact on the industrial base. The stability afforded by the use of a multiyear procurement will also allow the prime contractor to enter into long-term agreements with suppliers, at every tier, which provides substantial cost avoidance. Such long-term agreements incentivize both the prime and subcontractors to invest in process improvements, which will yield long-term benefits in terms of product quality and cost. The stability of the prime multiyear contract will also foster improved competition at the subcontractor level, as the offer of a longer-term business arrangement will encourage more aggressive pursuit of a contract award. The contractor and subcontractors will be at a reduced risk when implementing production process improvements, facility improvements, tooling design improvements, and fabrication process. The ability for the government and industry to enter into a long-term agreement will allow industry the opportunity to place capital investments up front, which reduces the overall cost and improves the quality of the E-2C aircraft. The contractor will be able to forecast work skills requirements over this period of performance, providing a smooth transition to the increased production rate planned in FY08 and beyond for ADVANCED HAWKEYE aircraft procurement. The impact of a multi-year agreement is particularly beneficial in this procurement due to the extremely low number of aircraft per year.

4. Multiyear Procurement Summary:

	Annual Contracts	MYP Alternate
Quantity	8	8
Total Contract Price	850.0	788.6
Cancellation Ceiling (highest point)		
Funded		
Unfunded		49.4
$ Cost Avoidance Over Annual		61.5
% Cost Avoidance Over Annual		7.2%

Exhibit MYP-2 Total Program Funding Plan								Date February 2003			
Aircraft Procurement, Navy/APN-1								P-1 Line Item Nomenclature E-2C Hawkeye			
	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	TOTAL
Annual Procurement											
Proc Qty		2	2	2	2						8
Gross Cost (P-1)	0.0	300.5	243.2	249.0	246.0						1038.8
Less PY Adv Proc	0	-27.0	-17.4	-18.1	-23.3						-85.8
Net Proc (= P-1)	0.0	273.5	225.8	230.9	222.7						953.0
Plus CY Adv Proc	27.0	17.4	18.1	23.3							85.8
Weapon Sys Cost	27.0	290.9	243.9	254.2	222.7						1038.8
Multiyear Proc											
Proc Qty		2	2	2	2						8
Gross Cost (P-1)	0.0	238.1	243.4	249.4	246.5						977.3
Less PY Adv Proc		-27.0	-15.4	-18.1	-25.3						-85.8
Net Proc (=P-1)	0.0	211.1	228.0	231.3	221.2						891.5
Adv. Proc.											
For FY04	27.0										27.0
For FY05		15.4									15.4
For FY06		1.0	17.1								18.1
For FY07		1.0	1.0	23.3							25.3
Plus CY Adv Proc	27.0	17.4	18.1	23.3	0.0						85.8
Weapon Sys Cost	27.0	228.5	246.1	254.6	221.2						977.3
Multiyear Savings ($)	0.0	62.4	-2.1	-0.4	1.6						61.5
Multiyear Savings (%) (contracts)											7.2%
Cancellation Ceiling Funded											
Cancellation Ceiling Unfunded		49.4	33.4	16.9							
OUTLAYS											
Annual	4.3	57.2	162.6	232.3	232.9	196.7	103.4	29.1	15.0	5.1	1038.8
Multiyear	4.3	47.2	138.3	213.1	229.8	193.8	101.6	29.1	14.9	5.1	977.3
Savings	0.0	10.0	24.3	19.2	3.1	2.9	1.8	0.0	0.1	0.0	61.5

Remarks

The multiyear savings % was calculated using only the airframe and engine contract prices.
When calculated using the total program weapon system costs, the multiyear savings is 5.9%.
Note: Totals may not add due to rounding.

Exhibit MYP-3 Contract Funding Plan (Airframe + Engine)								Date February 2003			
Aircraft Procurement, Navy/APN-1								P-1 Line Item Nomenclature E-2C Hawkeye			
	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	TOTAL
Annual Procurement											
Proc Qty		2	2	2	2						8
Gross Cost (P-1 Gross)	0.0	252.2	202.8	200.6	194.4						850.0
Less PY Adv Proc	0.0	-22.0	-16.9	-16.9	-17.0						-72.8
Net Proc (= P-1 Net)	0.0	230.2	185.9	183.7	177.4						777.2
Plus CY Adv Proc	22.0	16.9	16.9	17.0							72.8
Contract Price	22.0	247.1	202.9	200.6	177.4						850.0
Multiyear Proc											
Proc Qty		2	2	2	2						8
Gross Cost (P-1 Gross)	0.0	189.8	203.0	201.0	194.8						788.6
Less PY Adv Proc	0.0	-22.0	-14.9	-16.9	-19.0						-72.8
Net Proc (= P-1 Net)	0.0	167.8	188.1	184.0	175.9						715.7
Adv. Proc.											
For FY04	22.0										22.0
For FY05		14.9									14.9
For FY06		1.0	15.9								16.9
For FY07		1.0	1.0	17.0							19.0
Plus CY Adv Proc	22.0	16.9	16.9	17.0	0.0						72.8
Contract Price	22.0	184.7	205.0	201.0	175.9						788.6
Multiyear Savings ($)	0.0	62.4	-2.1	-0.4	1.6						61.5
Multiyear Savings (%) (total only)											7.2%
Cancellation Ceiling Funded											
Cancellation Ceiling Unfunded		49.4	33.4	16.9							
OUTLAYS											
Annual	3.5	48.2	137.1	193.1	188.4	157.3	83.0	23.4	11.9	4.1	850.0
Multiyear	3.5	38.2	112.8	173.9	185.3	154.4	81.1	23.3	11.8	4.0	788.6
Savings	0.0	10.0	24.3	19.2	3.1	2.9	1.8	0.0	0.1	0.0	61.5

Remarks

Note: Totals may not add due to rounding.

Exhibit MYP-3 Contract Funding Plan (Airframe)								Date February 2003			
Aircraft Procurement, Navy/APN-1								P-1 Line Item Nomenclature E-2C Hawkeye			
	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	TOTAL
Annual Procurement											
Proc Qty		2	2	2	2						8
Gross Cost (P-1 Gross)	0.0	242.2	192.6	190.2	183.9						808.9
Less PY Adv Proc	0.0	-20.8	-15.7	-15.7	-15.7						-67.7
Net Proc (= P-1 Net)	0.0	221.4	177.0	174.6	168.2						741.2
Plus CY Adv Proc	20.8	15.7	15.7	15.7	0.0						67.7
Contract Price	20.8	237.1	192.6	190.2	168.2						808.9
Multiyear Proc											
Proc Qty		2	2	2	2						8
Gross Cost (P-1 Gross)	0.0	180.5	193.6	191.4	185.1						750.6
Less PY Adv Proc	0.0	-20.8	-13.7	-15.7	-17.7						-67.7
Net Proc (= P-1 Net)	0.0	159.8	179.9	175.7	167.5						682.9
Adv. Proc.											
For FY04	20.8										20.8
For FY05		13.7									13.7
For FY06		1.0	14.7								15.7
For FY07		1.0	1.0	15.7							17.7
Plus CY Adv Proc	20.8	15.7	15.7	15.7	0.0						67.7
Contract Price	20.8	175.4	195.6	191.4	167.5						750.6
Multiyear Savings ($)	0.0	61.6	-2.9	-1.1	0.7						58.3
Multiyear Savings (%) (total only)											7.2%
Cancellation Ceiling Funded											
Cancellation Ceiling Unfunded		49.4	33.4	16.9							
OUTLAYS											
Annual	3.3	46.1	131.1	184.1	178.9	149.3	78.7	22.2	11.3	3.9	808.9
Multiyear	3.3	36.3	107.3	165.6	176.6	147.0	77.3	22.2	11.3	3.9	750.6
Savings	0.0	9.9	23.9	18.5	2.4	2.3	1.5	-0.1	0.0	0.0	58.3

Remarks

Note: Totals may not add due to rounding.

Exhibit MYP-3 Contract Funding Plan (Engine)								Date February 2003			
Aircraft Procurement, Navy/APN-1								P-1 Line Item Nomenclature E-2C Hawkeye			
	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	TOTAL
Annual Procurement											
Proc Qty		4	4	4	4						16
Gross Cost (P-1 Gross)	0.0	10.0	10.2	10.4	10.6						41.2
Less PY Adv Proc	0.0	-1.2	-1.3	-1.3	-1.3						-5.1
Net Proc (= P-1 Net)	0.0	8.8	8.9	9.1	9.2						36.0
Plus CY Adv Proc	1.2	1.3	1.3	1.3							5.1
Contract Price	1.2	10.1	10.2	10.4	9.2						41.2
Multiyear Proc											
Proc Qty		4	4	4	4						16
Gross Cost (P-1 Gross)	0.0	9.2	9.4	9.6	9.7						38.0
Less PY Adv Proc	0.0	-1.2	-1.3	-1.3	-1.3						-5.1
Net Proc (= P-1 Net)	0.0	8.0	8.1	8.3	8.4						32.8
Adv. Proc.											
For FY04	1.2										1.2
For FY05		1.3									1.3
For FY06			1.3								1.3
For FY07				1.3							1.3
Plus CY Adv Proc	1.2	1.3	1.3	1.3	0.0						5.1
Contract Price	1.2	9.3	9.4	9.6	8.4						38.0
Multiyear Savings ($)	0.0	0.8	0.8	0.8	0.8						3.2
Multiyear Savings (%) (total only)											7.7%
Cancellation Ceiling Funded											
Cancellation Ceiling Unfunded		0.0	0.0	0.0							
OUTLAYS											
Annual	0.2	2.1	6.0	9.0	9.5	8.0	4.2	1.2	0.6	0.2	41.2
Multiyear	0.2	2.0	5.6	8.3	8.8	7.4	3.9	1.1	0.6	0.2	38.0
Savings	0.0	0.1	0.4	0.7	0.7	0.7	0.4	0.1	0.1	0.0	3.2
Remarks Note: Totals may not add due to rounding.											

Exhibit MYP-4 Present Value Analysis								Date February 2003			
Aircraft Procurement, Navy/APN-1								P-1 Line Item Nomenclature E-2C Hawkeye			
	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	TOTAL
Annual Proposal											
Then Year Cost	3.5	48.2	137.1	193.1	188.4	157.3	83.0	23.4	11.9	4.1	850.0
Constant Year Cost	3.5	47.5	134.2	187.0	179.5	148.2	77.8	22.0	11.1	3.8	814.7
Present Value	3.5	46.1	126.5	171.2	159.5	127.8	65.2	17.9	8.8	2.9	729.4
Multiyear Proposal											
Then Year Cost	3.5	38.2	112.8	173.9	185.3	154.4	81.1	23.3	11.8	4.0	788.6
Constant Year Cost	3.5	37.7	110.3	168.2	176.5	145.3	76.1	22.0	11.1	3.8	754.4
Present Value	3.5	36.6	104.0	153.9	156.8	125.3	63.7	17.9	8.7	2.9	673.3
Difference											
Then Year Cost	0.0	10.0	24.3	19.2	3.1	2.9	1.8	0.0	0.1	0.0	61.5
Constant Year Cost	0.0	9.8	23.9	18.9	3.1	2.9	1.8	0.0	0.1	0.0	60.3
Present Value	0.0	9.5	22.5	17.3	2.7	2.5	1.5	0.0	0.0	0.0	56.0

Remarks

Present value analysis will be calculated in accordance with DoD Instruction 7041.3
Note: Totals may not add due to rounding.

CLASSIFICATION:

BUDGET ITEM JUSTIFICATION SHEET P-40						DATE: February 2003							
APPROPRIATION/BUDGET ACTIVITY **Aircraft Procurement, Navy/ Combat Aircraft, (BA-1)**						P-1 ITEM NOMENCLATURE **E-2C Advance Procurement (MYP)**							
Program Element for Code B Items:						Other Related Program Elements							
	Prior Years	ID Code	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	To Complete	Total	
COST (In Millions)	**588.400**	**A**	**33.745**	**26.966**	**17.409**	**18.113**	**23.300**	**0.000**	**74.895**	**114.943**	**915.446**	**1,813.217**	

MISSION AND DESCRIPTION:

The E-2C Hawkeye is an all weather, carrier-based, airborne early warning and command and control aircraft. It extends task force defense perimeters by providing early warning of approaching enemy units and by vectoring interceptors into attack position. Additionally, the Hawkeye provides strike control, radar surveillance, search and rescue assistance, communications relay and automatic tactical data exchange.

BASIS FOR FY 2004 BUDGET REQUEST:

The FY 04 budget funds the long-lead requirement for the procurement of one (1) E-2C and one (1) TE-2C aircraft in FY 05.

Exhibit P-10, Advance Procurement Requirements Analysis (Page 1 - Funding)			Date: February 2003										
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number 1506/BA1/NA				P-1 Line Item Nomenclature E-2C HAWKEYE									
Weapon System E-2C HAWKEYE			First System (BY1) Award Date Dec 03			First System (BY1) Completion Date August 2006							
($ in Millions)													
	PLT	When Rqd	Prior Years	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	To Complete	Total
E-2C	34		26	5	5	2	2						
CFE/AIRFRAME				Multiyear	Multiyear	Multiyear	Multiyear						
RADAR	24	10	19.7										
PDS	24	10	9.3										
ROTODOME	24	10	12.7										
EMDU	24	10	1.3										
IFF	24	10	8.3										
LANDING GEAR	24	10	6.9										
OTHER CFE	24	10	82.9										
EOQ AIRFRAME													
FOR FY99													
FOR FY00			28.4										
FOR FY01			96.4										
FOR FY02			125.1										
FOR FY03			124.9	23.7									
TOTAL EOQ AIRFRAME			374.8	23.7									
EOQ ENGINE													
FOR FY00			3.8										
FOR FY01			9.9										
FOR FY02			9.4										
FOR FY03			6.3	3.9									
TOTAL EOQ ENGINE			29.4	3.9									
EOQ AIRFRAME													
FOR FY04					20.8								
FOR FY05						13.7							
FOR FY06						1.0	14.7						
FOR FY07						1.0	1.0						
TOTAL EOQ AIRFRAME					20.8	15.7	15.7						
GFE													
ENGINE	24	10	10.1	0.0	1.2	1.3	1.3						
JTIDS	24	10	13.3	1.9	0.8	0.4	0.8						
OTHER GFE	24	10	19.9	4.2	4.2	0.1	0.4						
TOTAL			**588.4**	**33.7**	**27.0**	**17.4**	**18.1**						

Exhibit P-10 Advance Procurement Requirements Analysis (Page 2 - Budget Justification)							Date: February 2003		
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Nur 1506/-/BA1/-/NA					Weapon System E-2C HAWKEYE		P-1 Line Item Nomenclature E-2C ADVANCE PROCUREMENT(MYP)		
(TOA, $ in Millions)									
	PLT	QPA	UNIT COST	FY 2003 For FY 2004 Qty	FY 2003 Contract Forecast Date	FY 2003 Total Cost Request	FY 2004 For FY 2005 Qty	FY 2004 Contract Forecast Date	FY 2004 Total Cost Request
E-2C	43	N/A		2		N/A	2	N/A	
AIRFRAME/CFE	24	1	TL	2	Feb-03	20.8	2	Dec-03	15.7
ENGINE	36	2	TL	4	May-03	1.2	4	Dec-03	1.3
GFE	24	VAR	TL	VAR	Various	5.0	VAR	Various	0.4
Total Advance Proc						27.0			17.4
Description:									

CLASSIFICATION: UNCLASSIFIED

BUDGET ITEM JUSTIFICATION SHEET
P-40

DATE: February 2003

APPROPRIATION/BUDGET ACTIVITY
Aircraft Procurement, Navy/ BA-2

P-1 ITEM NOMENCLATURE
UC-35

Program Element for Code B Items:
N/A

Other Related Program Elements
N/A

	Prior Years	ID Code	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	To Complete	Total Program
QUANTITY	3	A	1	1	2							7
Net P-1 Cost ($M)	19.427		7.368	8.109	15.579							50.483
Advance Proc ($M)												
Wpn Sys Cost ($M)	19.427		7.368	8.109	15.579							50.483
Initial Spares ($M)					1.200							1.200
Proc Cost ($M)	19.427		7.368	8.109	16.779							51.683
Unit Cost ($M)	6.476		7.368	8.109	8.390							7.383

Description:

The UC-35 is a FAA type-certified modern commercial cargo/passenger transport aircraft (Cessna Citation Ultra / Encore) that will replace the US Marine Corps' (USMC) CT-39 aircraft in performing Operational Support Airlift (OSA) missions. The OSA mission provides transportation for high priority passengers and cargo with time, place or mission sensitive requirements. Two UC-35 aircraft have also been procured for the USMC Reserves in FY98 using National Guard & Reserve Equipment (NG&RE).

Basis for FY 2004 Request: FY 2004 funds the purchase of 2 UC-35D aircraft.

February-03

AIRCRAFT COST ANALYSIS P-5 Cost Sheet

Aircraft model: UC-35

$ in thousands

		Prior Years	FY 2002 Qty: 1		FY 2003 Qty: 1		FY 2004 Qty: 2		FY 2005 Qty:	
		Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost
1	Airframe CFE	17,505.756	7,335.862	7,335.862	7,520.376	7,520.376	7,718.405	15,436.810		
2	CFE Electronics									
3	GFE Electronics									
4	Engines/Eng Acc									
5	Armament									
6	Other GFE									
7	Rec Flyaway ECO									
8	Rec Flyaway Cost	17,505.756	7,335.862	7,335.862	7,520.376	7,520.376	7,718.405	15,436.810		
9	Non-Recur Cost									
10	Ancillary Equip									
11										
12	Total Flyaway	17,505.756	7,335.862	7,335.862	7,520.376	7,520.376	7,718.405	15,436.810		
13	Airframe PGSE									
14	Engine PGSE									
15	Avionics PGSE									
16	Pec Trng Eq									
17	Pub/Tech Eq	5.000		1.000		1.000		1.000		
18	Other ILS	1,785.933		20.035		537.831		125.110		
19	Prod Eng Supt	130.311		11.103		49.793		16.080		
20										
21	Support Cost	1,921.244		32.138		588.624		142.190		
22	Gross P-1 Cost	19,427.000		7,368.000		8,109.000		15,579.000		
23	Adv Proc Credit									
24	Net P-1 Cost	19,427.000		7,368.000		8,109.000		15,579.000		
25	Adv Proc CY									
26	Weapon System Cost	19,427.000		7,368.000		8,109.000		15,579.000		
27	Initial Spares							1,200.000		
28	Procurement Cost	19,427.000		7,368.000		8,109.000		16,779.000		

CLASSIFICATION: UNCLASSIFIED

BUDGET PROCUREMENT HISTORY AND PLANNING EXHIBIT (P-5A)	Weapon System UC-35	A. DATE Feb-03
B. APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy/ BA-2	C. P-1 ITEM NOMENCLATURE UC-35	SUBHEAD 42CA

Cost Element/ FISCAL YEAR	QUANTITY	UNIT COST ($000)	LOCATION OF PCO	RFP ISSUE DATE	CONTRACT METHOD & TYPE	CONTRACTOR AND LOCATION	AWARD DATE	DATE OF FIRST DELIVERY	TECH DATA AVAILABLE NOW?	DATE REVISIONS AVAILABLE
Airframe CFE / FY02	1	$ 7,336	ARMY	N/A	FFP	CESSNA AIRCRAFT WICHITA, KS	3/02	1/03	N/A	N/A
Airframe CFE / FY03	1	$ 7,520	ARMY	N/A	FFP	CESSNA AIRCRAFT WICHITA, KS	1/03	1/04	N/A	N/A
Airframe CFE / FY04	2	$ 7,718	ARMY	N/A	FFP	CESSNA AIRCRAFT	1/04	1/05	N/A	N/A

D. REMARKS

PRODUCTION SCHEDULE, P-21 | DATE: Feb-2003

APPROPRIATION/BUDGET ACTIVITY: Aircraft Procurement, Navy/BA-2 | Weapon System: **UC-35** | P-1 ITEM NOMENCLATURE: **UC-35**

Item	Manufacturer's Name and Location	Production Rate MSR	Production Rate ECON	Production Rate MAX	Procurement Leadtimes ALT Prior to Oct 1	Procurement Leadtimes ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
UC-35	CESSNA ACFT CO.	N/A	N/A	N/A	0	4	N/A	12	16	E

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2002 / 2001 OCT	2001 NOV	2001 DEC	CALENDAR YEAR 2002 JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	FISCAL YEAR 2003 / CALENDAR YEAR 2003 OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	BAL
UC-35 / CESSNA	02	N	1	0	1						A										1									0
UC-35 / CESSNA	03	N	1	0	1																A									1

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2004 / 2003 OCT	2003 NOV	2003 DEC	CALENDAR YEAR 2004 JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	FISCAL YEAR 2005 / CALENDAR YEAR 2005 OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	BAL
UC-35 / CESSNA	03	N	1	0	1				1																					0
UC-35 / CESSNA	04	N	2	0	2				A												1	1								0

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2006 / 2005 OCT	2005 NOV	2005 DEC	CALENDAR YEAR 2006 JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	FISCAL YEAR 2007 / CALENDAR YEAR 2007 OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	BAL

CLASSIFICATION: UNCLASSIFIED

BUDGET ITEM JUSTIFICATION SHEET P-40											DATE: February-03	
APPROPRIATION/BUDGET ACTIVITY: Aircraft Procurement, Navy, BA-2							P-1 ITEM NOMENCLATURE: C-40A					
Program Element for Code B Items: N/A							Other Related Program Elements: N/A					
	Prior Years	ID Code	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	To Complete	Total Program
QUANTITY	2	A		1	1	1	1	3	3	3	10	29
Net P-1 Cost ($M)	110.796			61.553	63.952	65.415	67.953	205.884	209.659	213.418	806.338	1,804.968
Advance Proc ($M)												
Wpn Sys Cost ($M)	110.796			61.553	63.952	65.415	67.953	205.884	209.659	213.418	806.338	1,804.968
Initial Spares ($M)	2.137				0.120	0.203	2.117	5.057	4.559		36.211	50.404
Proc Cost ($M)	112.933			61.553	64.072	65.618	70.070	210.941	214.218	213.418	842.549	1,855.372
Unit Cost ($M)	56.467			61.553	64.072	65.618	70.070	70.314	71.406	71.139	84.255	63.978

Description:
The C-40A is the replacement for the C-9B/DC-9 aircraft. The C-40A provides the Navy Reserve with a long range aircraft that will carry high priority passengers and cargo. The C-40A carries 121 passengers in the all passenger configuration, eight standard DoD cargo pallets in the all cargo configuration, or 3 pallets and 70 passengers in the "combination" configuration. The C-40A is a commercial derivative of the Boeing 737-700C and all three configurations are FAA Certified. The C-40A is certified for Extended Twin-Engined Operations (ETOPS) for over water operations.

In prior years, in addition to the two aircraft shown above, four C-40A aircraft and related support were procured for the Navy Reserves using FY97-99 National Guard & Reserve Equipment (NG&RE) funding.

The long term objective for the C-40A program is to replace all 29 C-9B/DC-9 aircraft.

Basis for FY 2004 Request: FY 2004 funds the purchase of 1 C-40A aircraft.

Date: Feb 2003

AIRCRAFT COST ANALYSIS P-5 Cost Sheet

Aircraft model: C-40A

$ in thousands

		Prior Years	FY 2002 Qty:		FY 2003 Qty: 1		FY 2004 Qty: 1		FY 2005 Qty: 1	
		Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost
1	Airframe CFE	106,707.000			61,150.000	61,150.000	63,046.000	63,046.000	64,874.000	64,874.000
2	CFE Electronics									
3	GFE Electronics	148.000			49.000	49.000	49.000	49.000	50.000	50.000
4	Engines/Eng Acc									
5	Armament									
6	Other GFE									
7	Rec Flyaway ECO									
8	Rec Flyaway Cost	106,855.000			61,199.000	61,199.000	63,095.000	63,095.000	64,924.000	64,924.000
9	Non-Recur Cost									
10	Ancillary Equip									
11										
12	Total Flyaway	106,855.000			61,199.000	61,199.000	63,095.000	63,095.000	64,924.000	64,924.000
13	Airframe PGSE	1,134.000								
14	Engine PGSE									
15	Avionics PGSE									
16	Pec Trng Eq									
17	Pub/Tech Eq									
18	Other ILS	1,264.000				178.000		507.000		491.000
19	Prod Eng Supt	1,543.000				176.000		350.000		
20										
21	Support Cost	3,941.000				354.000		857.000		491.000
22	Gross P-1 Cost	110,796.000				61,553.000		63,952.000		65,415.000
23	Adv Proc Credit									
24	Net P-1 Cost	110,796.000				61,553.000		63,952.000		65,415.000
25	Adv Proc CY									
26	Weapon System Cost	110,796.000				61,553.000		63,952.000		65,415.000
27	Initial Spares	2,137.000						120.000		203.000
28	Procurement Cost	112,933.000				61,553.000		64,072.000		65,618.000

CLASSIFICATION: UNCLASSIFIED

BUDGET PROCUREMENT HISTORY AND PLANNING EXHIBIT (P-5A)	Weapon System C-40A	A. DATE February-03

B. APPROPRIATION/BUDGET ACTIVITY	C. P-1 ITEM NOMENCLATURE	SUBHEAD
Aircraft Procurement, Navy, BA-2	C-40A	42B2

Cost Element/ FISCAL YEAR	QUANTITY	UNIT COST ($000)	LOCATION OF PCO	RFP ISSUE DATE	CONTRACT METHOD & TYPE	CONTRACTOR AND LOCATION	AWARD DATE	DATE OF FIRST DELIVERY	TECH DATA AVAILABLE NOW?	DATE REVISIONS AVAILABLE
Airframe/CFE										
FY2003	1	$61,150	NAVAIR	N/A	FFP	BOEING SEATTLE WA	2/03	1/05	N/A	N/A
FY 2004	1	$63,046	NAVAIR	N/A	FFP	BOEING SEATTLE WA	1/04	12/05	N/A	N/A
FY 2005	1	$64,874	NAVAIR	N/A	FFP	BOEING SEATTLE WA	1/05	12/06	N/A	N/A

D. REMARKS

PRODUCTION SCHEDULE, P-21					DATE Feb 2003					
APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy, BA-2			Weapon System C-40A		P-1 ITEM NOMENCLATURE C-40A					
		Production Rate			Procurement Leadtimes					
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
C-40A	Boeing Seattle	N/A	N/A	N/A	3	4	24	23	27	E

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2002												FISCAL YEAR 2003										BAL
						2001	CALENDAR YEAR 2002												CALENDAR YEAR 2003										
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
C-40A/Boeing Seattle	01	N	1	0	1													1											0
C-40A/Boeing Seattle	03	N	1	0	1																	A							1

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2004												FISCAL YEAR 2005										BAL
						2003	CALENDAR YEAR 2004												CALENDAR YEAR 2005										
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
C-40A/Boeing Seattle	03	N	1	0	1																1								0
C-40A/Boeing Seattle	04	N	1	0	1				A																				1
C-40A/Boeing Seattle	05	N	1	0	1																A								1

PRODUCTION SCHEDULE, P-21			DATE Feb 2003
APPROPRIATION/BUDGET ACTIVITY		Weapon System	P-1 ITEM NOMENCLATURE
Aircraft Procurement, Navy, BA-2		C-40A	C-40A

		Production Rate			Procurement Leadtimes					
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
C-40A	Boeing Seattle	N/A	N/A	N/A	3	4	24	23	27	E

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2006												FISCAL YEAR 2007												BAL
						2005			CALENDAR YEAR 2006										CALENDAR YEAR 2007												
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
C-40A/Boeing Seattle	04	N	1	0	1			1																						0
C-40A/Boeing Seattle	05	N	1	0	1															1										0

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2008												FISCAL YEAR 2009												BAL
						2007			CALENDAR YEAR 2008										CALENDAR YEAR 2009												
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	

CLASSIFICATION: UNCLASSIFIED

BUDGET ITEM JUSTIFICATION SHEET P-40											DATE: February-03	
APPROPRIATION/BUDGET ACTIVITY: Aircraft Procurement, Navy/ BA-2							P-1 ITEM NOMENCLATURE: C-37 Aircraft					
Program Element for Code B Items:							Other Related Program Elements					
	Prior Years	ID Code	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	To Complete	Total Program
QUANTITY	1	A				1				2	1	5
Net P-1 Cost ($M)	49.693					53.481				111.931	58.535	273.640
Advance Proc ($M)												
Wpn Sys Cost ($M)	49.693					53.481				111.931	58.535	273.640
Initial Spares ($M)	1.830					2.475				4.950	1.976	11.231
Proc Cost ($M)	51.523					55.956				116.881	60.511	284.871
Unit Cost ($M)	51.523					55.956				55.965	60.511	56.974

Description:

1. The C-37 is a long-range, twin-turbofan, Commercial Off the Shelf (COTS)/Non-Developmental Item (NDI), Federal Aviation Administration (FAA) certified, transport aircraft. The aircraft will be certified per Federal Aviation Regulation (FAR) Part 25 (Airworthiness Standards), Part 34 (Pollution), and Part 36 (Noise).
2. The mission of the C-37 aircraft is to provide long range executive transport to the Chief of Naval Operations (CNO), Commander in Chief's (CINC's) and their staff. Four of the five aircraft currently meeting this mission have exceeded or will exceed fatigue life expiration by FY 2006.
3. The aircraft will comply with reduced vertical separation minimum (RVSM), extended twin-engine over-water requirements and be communication, navigation, surveillance/air traffic management (CNS/ATM) compliant. The aircraft will have state of the art avionics that comply with all known FAA and International Civil Aviation Organization (ICAO) mandates and Future Air Navigation Systems (FANS) requirements.
4. The total aircraft program requirement is five (5) aircraft.

Basis for FY2004 Request: N/A

Date: February-03

AIRCRAFT COST ANALYSIS P-5 Cost Sheet

Aircraft model: C-37

$ in thousands

		Prior Years	FY 2002 Qty:		FY 2003 Qty:		FY 2004 Qty:		FY 2005 Qty: 1	
		Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost
1	Airframe CFE	44,000.000							49,053.000	49,053.000
2	CFE Electronics									
3	GFE Electronics									
4	Engines/Eng Acc									
5	Armament									
6	Other GFE									
7	Rec Flyaway ECO									
8	Rec Flyaway Cost	44,000.000							49,053.000	49,053.000
9	Non-Recur Cost									
10	Ancillary Equip									
11										
12	Total Flyaway	44,000.000							49,437.000	49,053.000
13	Airframe PGSE	900.000								450.000
14	Engine PGSE									
15	Avionics PGSE									
16	Pec Trng Eq	948.000								451.000
17	Pub/Tech Eq	360.000								262.000
18	Other ILS	2,845.000								2,470.000
19	Prod Eng Supt	640.000								795.000
20										
21	Support Cost	5,693.000								4,428.000
22	Gross P-1 Cost	49,693.000								53,481.000
23	Adv Proc Credit									
24	Net P-1 Cost	49,693.000								53,481.000
25	Adv Proc CY									
26	Weapon System Cost	49,693.000								53,481.000
27	Initial Spares	1,830.000								2,475.000
28	Procurement Cost	51,523.000								55,956.000

CLASSIFICATION: UNCLASSIFIED

BUDGET PROCUREMENT HISTORY AND PLANNING EXHIBIT (P-5A)	Weapon System	A. DATE February-03
B. APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy/ BA 2	C. P-1 ITEM NOMENCLATURE C-37	SUBHEAD 42VP

Cost Element/ FISCAL YEAR	QUANTITY	UNIT COST ($000)	LOCATION OF PCO	RFP ISSUE DATE	CONTRACT METHOD & TYPE	CONTRACTOR AND LOCATION	AWARD DATE	DATE OF FIRST DELIVERY	TECH DATA AVAILABLE NOW?	DATE REVISIONS AVAILABLE
Airframe/CFE										
FY 2005	1	$49,053	Tinker AFB	N/A	FFP	Gulfstream, Savannah GA	12/04	6/06	N/A	N/A

D. REMARKS

PRODUCTION SCHEDULE, P-21 | DATE February-03

APPROPRIATION/BUDGET ACTIVITY	Weapon System	P-1 ITEM NOMENCLATURE
Aircraft Procurement, Navy/	**C-37 A/C**	**C-37 A/C**

		Production Rate			Procurement Leadtimes					
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
C-37 Aircraft	Gulfstream, Savannah GA	NA	NA	NA	0	2	18	18	20	E

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2005												FISCAL YEAR 2006									BAL
						2004			CALENDAR YEAR												CALENDAR YEAR								
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
C-37 Aircraft	05	N	1	0	1			A																	1				0

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2007												FISCAL YEAR 2008									BAL
									CALENDAR YEAR												CALENDAR YEAR								
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	

CLASSIFICATION: UNCLASSIFIED

BUDGET ITEM JUSTIFICATION SHEET P-40											DATE: February 2003	
APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy, BA-3							P-1 ITEM NOMENCLATURE T-39 Replacement Training System (43CT)					
Program Element for Code B Items:							Other Related Program Elements					
	Prior Years	ID Code	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	To Complete	Total Program
QUANTITY		A			1	2	3	3	7			16
Net P-1 Cost ($M)					22.018	74.656	92.227	61.997	151.963			402.861
Advance Proc ($M)												
Wpn Sys Cost ($M)					22.018	74.656	92.227	61.997	151.963			402.861
Initial Spares ($M)					1.022	1.920		2.864	11.148			16.954
Proc Cost ($M)					23.040	76.576	92.227	64.861	163.111			419.815
Unit Cost ($M)					23.040	38.288	30.742	21.620	23.302			26.238

Description:

The Undergraduate Military Flight Officer Training System (UMFOTS) consists of an FAA type-certified commercial passenger aircraft; Emergency Procedures Trainers and a Ground Based Training System to perform Undergraduate Military Flight Officer training at NAS Pensacola, Florida. T-39N/G aircraft currently performing the UMFOTS training are in excess of 35 years of age. These aircraft are rapidly reaching the end of their structural fatigue life and must be replaced to continue providing Naval Flight Officer's (NFOs) to the Navy, Marines, Air Force and foreign customers.

Basis for FY 2004 Request: FY 2004 funds the purchase of 1 T-39 replacement aircraft.

Date: ebruary 2003

AIRCRAFT COST ANALYSIS P-5 Cost Sheet

Aircraft model: T-39 Replacement Training System

$ in thousands

		Prior Years	FY 2002		FY 2003		FY 2004		FY 2005	
			Qty:		Qty:		Qty:	1	Qty:	2
		Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost
1	Airframe CFE						18,536.000	18,536.000	19,048.000	38,096.000
2	CFE Electronics									
3	GFE Electronics									
4	Engines/Eng Acc									
5	Armament									
6	Other GFE									
7	Rec Flyaway ECO									
8	Rec Flyaway Cost						18,536.000	18,536.000	19,048.000	38,096.000
9	Non-Recur Cost							2,000.000		
10	Ancillary Equip									
11										
12	Total Flyaway						20,536.000	20,536.000	19,048.000	38,096.000
13	Airframe PGSE									3,000.000
14	Engine PGSE									1,000.000
15	Avionics PGSE									1,000.000
16	Pec Trng Eq							1,000.000		30,890.000
17	Pub/Tech Eq									
18	Other ILS							166.000		172.000
19	Prod Eng Supt							316.000		498.000
20										
21	Support Cost							1,482.000		36,560.000
22	Gross P-1 Cost							22,018.000		74,656.000
23	Adv Proc Credit									
24	Net P-1 Cost							22,018.000		74,656.000
25	Adv Proc CY									
26	Weapon System Cost							22,018.000		74,656.000
27	Initial Spares							1,022.000		1,920.000
28	Procurement Cost							23,040.000		76,576.000

CLASSIFICATION: UNCLASSIFIED

BUDGET PROCUREMENT HISTORY AND PLANNING EXHIBIT (P-5A)	Weapon System	A. DATE February 2003
B. APPROPRIATION/BUDGET ACTIVITY: Aircraft Procurement, Navy BA-3	C. P-1 ITEM NOMENCLATURE: T-39 Replacement Training System	SUBHEAD: 43CT

Cost Element/ FISCAL YEAR	QUANTITY	UNIT COST ($000)	LOCATION OF PCO	RFP ISSUE DATE	CONTRACT METHOD & TYPE	CONTRACTOR AND LOCATION	AWARD DATE	DATE OF FIRST DELIVERY	TECH DATA AVAILABLE NOW?	DATE REVISIONS AVAILABLE
Airframe/CFE										
FY 2004	1	18,536	NAVAIR, Pax River	11/03	C/FP	TBD	1/04	11/05	N/A	N/A
FY 2005	2	19,048	NAVAIR, Pax River	N/A	FP/OPT	TBD	1/05	7/06	N/A	N/A

D. REMARKS

Competitive procurement

PRODUCTION SCHEDULE, P-21

DATE February 2003

APPROPRIATION/BUDGET ACTIVITY
Aircraft Procurement, Navy BA-3

Weapon System

P-1 ITEM NOMENCLATURE
T-39 Replacement Training System

		Production Rate			Procurement Leadtimes					
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
T-39 Replacement Training System	TBD	TBD	TBD	TBD	0	3	22	18	25	E

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2002												FISCAL YEAR 2003												BAL
						2001			CALENDAR YEAR 2002												CALENDAR YEAR 2003										
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2004												FISCAL YEAR 2005												BAL
						2003			CALENDAR YEAR 2004												CALENDAR YEAR 2005										
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
T-39 Replacement Training System	04	N	1	0	1				A																					1
T-39 Replacement Training System	05	N	2	0	2																A									2

PRODUCTION SCHEDULE, P-21					DATE February 2003					
APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy BA-			Weapon System		P-1 ITEM NOMENCLATURE T-39 Replacement Training System					
		Production Rate			Procurement Leadtimes					
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
T-39 Replacement Training System	TBD	TBD	TBD	TBD	0	3	22	18	21	E

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2006												FISCAL YEAR 2007										BAL
						2005			CALENDAR YEAR 2006										CALENDAR YEAR 2007										
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
T-39 Replacement Training System	04	N	1	0	1		1																						0
T-39 Replacement Training System	05	N	2	0	2										1	1													0

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2008												FISCAL YEAR 2009										BAL
						2007			CALENDAR YEAR 2008										CALENDAR YEAR 2009										
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	

BUDGET ITEM JUSTIFICATION SHEET
P-40

DATE: February 2003

APPROPRIATION/BUDGET ACTIVITY
Aircraft Procurement, Navy/B.A.3

P-1 ITEM NOMENCLATURE
T45TS Goshawk

Program Element for Code B Items:

Other Related Program Elements

	Prior Years	ID Code	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	To Complete	Total Program
QUANTITY	167	A	6	8	15	8	5				25	234
Net P-1 Cost ($M)	3,612.985	A	180.607	214.127	339.201	237.363	199.415				894.975	5,479.258
Advance Proc ($M)	342.940	A	0	0	0	0	0				0	342.940
Wpn Sys Cost ($M)	3,955.925	A	180.607	214.127	339.201	237.363	199.415				894.975	5,822.198
Initial Spares ($M)	230.111	A	8.824	3.540	18.081	10.737	0				16.702	287.995
Proc Cost ($M)	4,186.036	A	189.431	217.667	357.282	248.100	199.415				911.677	6,110.193
Unit Cost ($M)	25.066	A	31.572	27.208	23.819	31.013	39.883				36.467	26.112

Description:

The T45TS is an optimized replacement for the existing pilot training system that meets carrier pilot production requirements (TA-4J retired in FY99 & T-2C starts retirement in FY07).
The fully integrated system includes: 234 T-45 aircraft; 18 simulators; academic materials, training aids, & equipment; two computer based training integration systems; and contractor logistics support of all system elements.

BASIS FOR REQUEST: FY04 funds the procurement of 15 aircraft.

AIRCRAFT COST ANALYSIS
P-5 Cost Sheet

Date: February 2003

Aircraft model: T45TS Goshawk

$ in thousands

		Prior Years	FY 2002 Qty:	6	FY 2003 Qty:	8	FY 2004 Qty:	15	FY 2005 Qty:	8
		Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost
1	Airframe CFE	2,711,080.262	18,939.116	113,634.696	17,898.524	143,188.193	16,557.729	248,365.931	19,940.053	159,520.427
2	Engines/Eng Acc	195,134.136	2,734.768	16,408.606	2,571.948	20,575.586	2,597.378	38,960.666	2,626.700	21,013.602
3	GFE Electronics	19,450.573	302.574	1,815.445	256.412	2,051.295	253.583	3,803.741	261.949	2,095.595
6	Other GFE	81,725.964	640.274	3,841.644	581.328	4,650.620	666.141	9,992.116	601.968	4,815.744
	Subtotal GFE	296,310.673	3,677.616	22,065.695	3,409.688	27,277.501	3,517.102	52,756.523	3,490.618	27,924.941
7	Rec Flyaway ECO	18,571.582	248.664	1,491.984	92.075	736.602	167.277	2,509.148	377.264	3,018.111
8	Rec Flyaway Cost	3,025,962.517	22,865.396	137,192.375	21,400.287	171,202.296	20,242.107	303,631.602	23,807.935	190,463.479
9	Non-Recur Cost	94,855.495		8,008.236		5,916.000		2,400.000		2,100.000
10	Ancillary Equip	14,490.294		2,019.688		2,737.000		1,451.321		3,311.320
12	Total Flyaway	3,135,308.306	24,536.717	147,220.299	22,481.912	179,855.296	20,498.862	307,482.923	24,484.350	195,874.799
13	Airframe PGSE	116,094.903		2,859.216		4,170.304		2,636.632		3,925.402
16	Pec Trng Eq	206,944.241		7,386.679		0		0		0
17	Pub/Tech Eq	50,571.954		1,475.728		1,590.038		1,735.395		2,673.088
18	Other ILS	234,945.546		13,181.313		11,502.617		13,998.712		16,611.293
19	Fac Mgmt/Fld Act	178,320.791		11,303.695		14,420.259		11,135.489		15,129.739
20	ISD/TIS/ACAD	28,114.046		2,224.070		2,588.486		2,211.849		3,148.679
	Other Support	531.143		0		0		0		0
21	Support Cost	815,522.624		38,430.701		34,271.704		31,718.077		41,488.201
22	Gross P-1 Cost	3,950,830.930		185,651.000		214,127.000		339,201.000		237,363.000
23	Adv Proc Credit	-337,845.992		-5,044.000		0		0		0
24	Net P-1 Cost	3,612,984.938		180,607.000		214,127.000		339,201.000		237,363.000
25	Adv Proc CY	342,939.992		0		0		0		0
26	Weapon System Cost	3,955,924.930		180,607.000		214,127.000		339,201.000		237,363.000
27	Initial Spares	230,110.877		8,824.000		3,540.000		18,081.000		10,737.000
28	Procurement Cost	4,186,035.807		189,431.000		217,667.000		357,282.000		248,100.000

CLASSIFICATION: UNCLASSIFIED

BUDGET PROCUREMENT HISTORY AND PLANNING EXHIBIT (P-5A)	Weapon System T45TS GOSHAWK	A. DATE February 2003
B. APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy/ B.A.3	C. P-1 ITEM NOMENCLATURE T45 Airframe/CFE	SUBHEAD U3GH

Cost Element/ FISCAL YEAR	QUANTITY	UNIT COST	LOCATION OF PCO	RFP ISSUE DATE	CONTRACT METHOD & TYPE	CONTRACTOR AND LOCATION	AWARD DATE	DATE OF FIRST DELIVERY	TECH DATA AVAILABLE NOW?	DATE REVISIONS AVAILABLE
FY 2002	6	18,939	NAVAIR, Pax River	7/97	SS /FP	Boeing (MDA) St. Louis, MO	7/02	11/03	Yes	N/A
FY 2003	8	17,899	NAVAIR, Pax River	11/01	SS /FP	Boeing (MDA) St. Louis, MO	3/03	11/04	Yes	N/A
FY 2004	15	16,558	NAVAIR, Pax River	3/03	SS /FP	Boeing (MDA) St. Louis, MO	3/04	10/05	Yes	N/A
FY 2005	8	19,940	NAVAIR, Pax River	11/03	SS /FP	Boeing (MDA) St. Louis, MO	3/05	10/06	Yes	N/A

D. REMARKS

* Airframe/CFE and CFE Mission Electronics only. Engine is GFE.

** Sole Source because Boeing (MDA) is the designer, developer and sole manufacturer/integrator of the T-45 airplane.
Only Boeing (MDA) possesses the unique experience and capabilities to fulfill this requirement. Because Boeing is the sole source contractor, there are normally no formal RFP's utilized, and the process begins with Boeing submitting a proposal. Therefore, the RFP dates above are not true RFP dates and reflect NAVAIR contracting estimates on when proposals began.

CLASSIFICATION: UNCLASSIFIED

BUDGET PROCUREMENT HISTORY AND PLANNING EXHIBIT (P-5A)	Weapon System T45TS GOSHAWK	A. DATE February 2003
B. APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy/ B.A. 3	C. P-1 ITEM NOMENCLATURE T45 Engine	SUBHEAD U3GH

Cost Element/ FISCAL YEAR	QUANTITY	UNIT COST	LOCATION OF PCO	RFP ISSUE DATE	CONTRACT METHOD & TYPE	CONTRACTOR AND LOCATION	AWARD DATE	DATE OF FIRST DELIVERY	TECH DATA AVAILABLE NOW?	DATE REVISIONS AVAILABLE
FY 2002	6	2,735	NAVAIR, Pax River	7/00	SS/ FP	Rolls Royce plc Bristol, England	2/02	3/03	YES	N/A
FY 2003	8	2,572	NAVAIR, Pax River	N/A	SS/ FP/ OPT	Rolls Royce plc Bristol, England	12/02	3/04	YES	N/A
FY 2004	15	2,597	NAVAIR, Pax River	N/A	SS/ FP/ OPT	Rolls Royce plc Bristol, England	2/04	3/05	YES	N/A
FY 2005	8	2,627	NAVAIR, Pax River	9/03	SS/ FP	Rolls Royce plc Bristol, England	2/05	3/06	YES	N/A

D. REMARKS

* Engine / Access only.

** Sole source because Rolls Royce is the designer, developer and sole source manufacturer of the T-45 engine.

Only Rolls Royce possesses the unique experience and capabilities to fulfill this requirement. Therefore, no formal RFP's are utilized, and initial discussions begin on the RFP issue dates listed.

PRODUCTION SCHEDULE, P-21			DATE February 2003	
APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy **B.A. 3**		Weapon System **Trainer Aircraft**	P-1 ITEM NOMENCLATURE **T45TS AIRFRAME**	

		Production Rate			Procurement Leadtimes					
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
AIRFRAME	BOEING (MDA)	8	12	24	0	6	38	19	25	each
	ST. LOUIS, MO									

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2002												FISCAL YEAR 2003												BAL
						2001			CALENDAR YEAR 2002									CALENDAR YEAR 2003												
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
AIRFRAME/BOEING (MDA)	00	N	15	0	15	1	1	1	2	1	1	1	2	1	1	1	2													0
AIRFRAME/BOEING (MDA)	01	N	14	0	14													1	1	1	2	1	1	1	2	1	1	1	1	0

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2004												FISCAL YEAR 2005												BAL
						2003			CALENDAR YEAR 2004									CALENDAR YEAR 2005												
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
AIRFRAME/BOEING (MDA)	02	N	6	0	6		1	0	1	0	1	0	1	0	1	0	1													0
AIRFRAME/BOEING (MDA)	03	N	8	0	8														1	1	0	1	1	0	1	1	0	1	1	0

PRODUCTION SCHEDULE, P-21					DATE February 2003					
APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy **B.A. 3**			Weapon System **Trainer Aircraft**		P-1 ITEM NOMENCLATURE **T45TS AIRFRAME**					
		Production Rate			Procurement Leadtimes					
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
AIRFRAME	BOEING (MDA)	8	12	24	0	6	38	19	25	each
	ST. LOUIS, MO									

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2006												FISCAL YEAR 2007												BAL
						2005			CALENDAR YEAR 2006									CALENDAR YEAR 2007												
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
AIRFRAME/BOEING (MDA)	04	N	15	0	15	1	1	1	2	1	1	1	2	1	1	1	2													0
AIRFRAME/BOEING (MDA)	05	N	8	0	8													1	1	1	1	1	0	1	0	1	0	1		0

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2008												FISCAL YEAR 2009												BAL
						2007			CALENDAR YEAR 2004									CALENDAR YEAR 2009												
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	

PRODUCTION SCHEDULE, P-21					DATE February 2003
APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy / **B.A. 3**			Weapon System **Trainer Aircraft**		P-1 ITEM NOMENCLATURE **T45TS Engine**

		Production Rate			Procurement Leadtimes					
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
T45TS Engine	Rolls Royce Bristol England	8	12	24	0	5	30	13	18	each

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2002												FISCAL YEAR 2003												BAL
						2001			CALENDAR YEAR 2002									CALENDAR YEAR 2003												
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
T45TS ENGINES/ROLLS ROYCE	00	N	15	8	7	2	1	1	1	2																				0
T45TS ENGINES/ROLLS ROYCE	01	N	14	0	14						1	1	1	2	1	1	1	2	1	1	1	1								0
T45TS ENGINES/ROLLS ROYCE	02	N	6	0	6																		1	1	1	1	1			0

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2004												FISCAL YEAR 2005												BAL
						2003			CALENDAR YEAR 2004									CALENDAR YEAR 2005												
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
T45TS ENGINES/ROLLS ROYCE	03	N	8	0	8						1	1	1	1	1	1	1	1												0
T45TS ENGINES/ROLLS ROYCE	04	N	15	0	15																		1	1	1	2	1	1	1	7

PRODUCTION SCHEDULE, P-21					DATE February 2003
APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy / **B.A. 3**			Weapon System **Trainer Aircraft**		P-1 ITEM NOMENCLATURE **T45TS Engine**

		Production Rate			Procurement Leadtimes					
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
T45TS Engine	Rolls Royce Bristol England	8	12	24	0	5	30	13	18	each

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2006												FISCAL YEAR 2007										BAL
						2005			CALENDAR YEAR 2006										CALENDAR YEAR 2007										
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
T45TS ENGINES/ROLLS ROYCE	04	N	15	8	7	2	1	1	1	2																		0
T45TS ENGINES/ROLLS ROYCE	05	N	8	0	8						1	1	1	1	1	0	1	0	1	0	1								0

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2008												FISCAL YEAR 2009										BAL
						2007			CALENDAR YEAR 2008										CALENDAR YEAR 2009										
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	

CLASSIFICATION: UNCLASSIFIED

BUDGET ITEM JUSTIFICATION SHEET P-40											DATE: February 2003	
APPROPRIATION/BUDGET ACTIVITY: Aircraft Procurement, Navy/BA3						P-1 ITEM NOMENCLATURE: Joint Primary Aircraft Training System (JPATS)						
Program Element for Code B Items: 0603208N Training System Aircraft						Other Related Program Elements: N/A						
	Prior Years	ID Code	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	To Complete	Total Program
QUANTITY	36	B	7	4	0	0	0	24	48	48	161	328
Net P-1 Cost ($M)	136.706	B	30.253	27.570	2.399	2.541	0.959	147.848	295.315	300.690	1,209.476	2,153.757
Advance Proc ($M)	0	B	0	0	0	0	0	0	0	0	0	0
Wpn Sys Cost ($M)	136.706	B	30.253	27.570	2.399	2.541	0.959	147.848	295.315	300.690	1,209.476	2,153.757
Initial Spares ($M)	0	B	7.500	1.914	0	0	0	5.914	9.510	8.110	42.897	75.845
Proc Cost ($M)	136.706	B	37.753	29.484	2.399	2.541	0.959	153.762	304.825	308.800	1,252.373	2,229.602
Unit Cost ($M)	3.797	B	5.393	7.371	0	0	0	6.407	6.351	6.433	7.779	6.798

Description:

MISSION: Supports Department of the Navy acquisition of the Joint Primary Aircraft Training System (JPATS) and transition to Department of Defense mandated Joint Primary Pilot Training (JPPT). The principal mission of the JPATS is to train entry-level Navy/Air Force student pilots in primary flying skills. JPATS also provides primary and intermediate training to entry-level USN Student Naval Flight Officers (SNFOs). JPATS will also support the training of USAF and USN Instructor Pilots (IPs). JPATS is a joint USAF/USN venture to replace the Services' aging fleets of primary training aircraft (T-37B/T-34C respectively). The USAF is the executive service.

DESCRIPTION: JPATS is a joint USAF/USN Acquisition Category 1C program. JPATS includes the T-6A Texan II (a single turboprop engine, stepped tandem seat, commercially derived aircraft), ground based training system (aircrew training devices, development courses, conversion courses, and operational support), and contractor logistics support. The Training Information Management System (TIMS) is a major information management system that will be used by the USAF/USN to manage all student administrative and training requirements. TIMS will be procured and installed prior to the first Navy T-6A aircraft. The USAF has programmed procurement of 454 T-6A Texan II aircraft, with the first procurement in FY95. The USN has programmed procurement of 328 aircraft with the first procurement in FY00.

BASIS FOR REQUEST: FY04 funds program support which includes Airframe PGSE, Peculiar Training Equipment, Publications, Integrated Logistics Support, and Production Engineering Support. Navy procurement of JPATS aircraft is deferred and will resume in FY07.

Date: February 2003

AIRCRAFT COST ANALYSIS P-5 Cost Sheet

Aircraft model: JPATS

$ in thousands

		Prior Years	FY 2002 Qty: 7		FY 2003 Qty: 4		FY 2004 Qty:		FY 2005 Qty:	
		Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost
1	Airframe CFE	93,454.755	4,301.143	30,108.000	4,625.000	18,500.000	0.000	0.000	0.000	0.000
7	Rec Flyaway ECO	0.000	0.000	0.000	92.500	370.000	0.000	0.000	0.000	0.000
8	Rec Flyaway Cost	93,454.755	4,301.143	30,108.000	4,717.500	18,870.000	0.000	0.000	0.000	0.000
9	Non-Recur Cost	0.000		0.000		210.000		0.000		0.000
12	Total Flyaway	93,454.755	4,301.143	30,108.000	4,770.000	19,080.000	0.000	0.000	0.000	0.000
13	Airframe PGSE	419.760		0.000		1,207.100		280.100		382.100
16	Pec Trng Eq	42,110.573		70.000		5,151.300		77.000		130.200
17	Pub/Tech Eq	273.804		0.000		176.000		181.300		120.500
18	Other ILS	220.719		0.000		1,120.000		1,153.600		1,188.200
19	Prod Eng Supt	226.389		75.000		835.600		707.000		720.000
21	Support Cost	43,251.245		145.000		8,490.000		2,399.000		2,541.000
22	Gross P-1 Cost	136,706.000		30,253.000		27,570.000		2,399.000		2,541.000
23	Adv Proc Credit	0.000		0.000		0.000		0.000		0.000
24	Net P-1 Cost	136,706.000		30,253.000		27,570.000		2,399.000		2,541.000
25	Adv Proc CY	0.000		0.000		0.000		0.000		0.000
26	Weapon System Cost	136,706.000		30,253.000		27,570.000		2,399.000		2,541.000
27	Initial Spares	0.000		7,500.000		1,914.000		0.000		0.000
28	Procurement Cost	136,706.000		37,753.000		29,484.000		2,399.000		2,541.000

CLASSIFICATION: UNCLASSIFIED

BUDGET PROCUREMENT HISTORY AND PLANNING EXHIBIT (P-5A)	Weapon System JPATS	A. DATE February 2003
B. APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy/BA3	C. P-1 ITEM NOMENCLATURE Joint Primary Aircraft Training System (JPATS)	SUBHEAD U3AT

Cost Element/ FISCAL YEAR	QUANTITY	UNIT COST	LOCATION OF PCO	RFP ISSUE DATE	CONTRACT METHOD & TYPE	CONTRACTOR AND LOCATION	AWARD DATE	DATE OF FIRST DELIVERY	TECH DATA AVAILABLE NOW?	DATE REVISIONS AVAILABLE
Airframe/CFE										
FY02	7	4,301	ASC/YT WPAFB OH	Jun-01	SS/FP w/EPA	Raytheon Aircraft Wichita, Kansas	Apr 02	May 04	Yes	N/A
FY03	4	4,625	ASC/YT WPAFB OH	N/A	SS/FP/OPT w/EPA	Raytheon Aircraft Wichita, Kansas	Feb 03	Apr 06	Yes	N/A

D. REMARKS

FY 2004 BUDGET PRODUCTION SCHEDULE, P-21												DATE February 2003	
APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy/BA3						Weapon System **Trainer Aircraft**						P-1 ITEM NOMENCLATURE Joint Primary Aircraft Training System (JPATS)	
		Production Rate			Procurement Leadtimes								
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total			Unit of Measure	
AIR VEHICLE	RAYTHEON AIRCRAFT CO	24	52	96	0	7	33	25	32			EACH	
	WICHITA, KANSAS												
*1 shift / 2 shifts													

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2003												FISCAL YEAR 2004												BAL
						2002			CALENDAR YEAR 2003										CALENDAR YEAR 2004												
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
A/V--RAYTHEON AIRCRAFT CO	00	N	12	0	12		2		5			5																		0
A/V--RAYTHEON AIRCRAFT CO	01	N	24	0	24								2	2	2	2	2	2	2	2	2	2	2							0
A/V--RAYTHEON AIRCRAFT CO	02	N	7	0	7																				1	1		1		4
A/V--RAYTHEON AIRCRAFT CO	03	N	4	0	4																									4
*March and April 03 production gap filled with FMS deliveries																														

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2005												FISCAL YEAR 2006												BAL
						2004			CALENDAR YEAR 2005										CALENDAR YEAR 2006												
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
A/V--RAYTHEON AIRCRAFT CO	02	N	7	3	4			1	1	1	1																			0
A/V--RAYTHEON AIRCRAFT CO	03	N	4	0	4																			1	1	1	1			0

FY 2004 BUDGET PRODUCTION SCHEDULE, P-21					DATE February 2003	
APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy/BA3		Weapon System **Trainer Aircraft**			P-1 ITEM NOMENCLATURE Joint Primary Aircraft Training System (JPATS)	
		Production Rate			Procurement Leadtimes	
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
AIR VEHICLE	RAYTHEON AIRCRAFT CO	24	52	96	0	7	33	25	32	EACH
	WICHITA, KANSAS									
*1 shift / 2 shifts										

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2007												FISCAL YEAR 2008												BAL
						2006			CALENDAR YEAR 2007									CALENDAR YEAR 2008												
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2009												FISCAL YEAR 2010												BAL
						2008			CALENDAR YEAR 2009									CALENDAR YEAR 2010												
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
A/V--RAYTHEON AIRCRAFT CO	07	N	24	0	24					2	2	2	2	2	2	2	2	2	2	2	2									0
A/V--RAYTHEON AIRCRAFT CO	08	N	48	0	48																	2	2	3	3	3	5	5	5	20
A/V--RAYTHEON AIRCRAFT CO	09	N	48	0	48																									48

CLASSIFICATION: UNCLASSIFIED

BUDGET ITEM JUSTIFICATION SHEET P-40											DATE: February 2003	
APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy/BA-4						P-1 ITEM NOMENCLATURE KC-130J (MYP)						
Program Element for Code B Items: N/A						Other Related Program Elements						
	Prior Years	ID Code	FY 2002	FY 2003*	FY 2004	FY 2005**	FY 2006**	FY 2007**	FY 2008**	FY 2009	To Complete	Total Program
QUANTITY	11	A	2	4	0	4	4	4	4	5	13	51
Net P-1 Cost ($M)	732.113		154.878	299.739	39.163	278.048	294.414	257.506	256.914	335.180	1,222.950	3,870.905
Advance Proc ($M)				8.350	40.000	38.895	39.012	39.035	39.009			204.301
Wpn Sys Cost ($M)	732.113		154.878	308.089	79.163	316.943	333.426	296.541	295.923	335.180	1,222.950	4,075.206
Initial Spares ($M)	2.591		14.378	13.561		21.152	12.710	23.939	19.868	17.317	71.691	197.207
Proc Cost ($M)	734.704		169.256	321.650	79.163	338.095	346.136	320.480	315.791	352.497	1,294.641	4,272.413
Unit Cost ($M)	66.791		84.628	80.413		84.524	86.534	80.120	78.948	70.499	99.588	83.773

Description:
The KC-130J aircraft is an all metal, high-wing, long-range, land-based monoplane. It is designed for cargo, tanker and troop carrier operations. For tanker operations, the aircrew will consist of a pilot, co-pilot, augmented crew member and two air refueling observers. Features include wing mounted refueling pods, an internal cargo ramp and door, crew and cargo compartment pressurization, ground and in-flight refueling, thermal deicing systems and a Heads-Up Display (HUD). It is designed to take off and land on unimproved runways.

Mission:
The mission of the KC-130J is to provide tactical in-flight refueling and assault support transport. As a tactical transport, it is capable of conventional or aerial delivery of personnel or cargo. The aircraft is capable of carrying 92 combat troops or 64 paratroopers with equipment or 74 litters when configured as an ambulance. The aircraft is equipped for in-flight refueling to service two aircraft simultaneously and has a removable 3,600 gallon (13,627 liter) fuel tank in the cargo compartment.

The KC-130J has the capability to refuel low-speed helicopters and high-speed jet aircraft. Aerial refueling of helicopters is normally conducted at 6,000 feet or below, at an airspeed of 115 KTS TAS and requires a ground change of the refueling basket. The KC-130J aircraft will be powered by four Allison AE 2100D3 Turbo-Prop Engines with four six-bladed composite propellers. The cockpit will include state-of-the-art electronics with Liquid Crystal Display (LCD) instrumentation. The improved power performance of the KC-130J will provide 40 percent greater range, 25 percent higher cruise ceiling, 46 percent decrease in time-to-climb, 21 percent increase in maximum speed and 41 percent decrease in maximum effort take-off run over the existing KC-130F/R/T models.

Basis for FY 2004 Request:
The FY 2004 budget request provides for associated aircraft support and $40M advance procurement for FY 2005. FY 2005 will be the second year of a multiyear contract (FY 2003-FY2008).

*FY03 includes $8.35M to be reprogrammed to advance procurement for EOQ.
**For years FY05 through FY08, $8M has been added per year to cover a $2M unit cost increase that will be incurred by moving to an advanced procurement strategy. These funds will come from the APN BA-6 Spares account. This increase is not reflected in the printed FYDP and Procurement Annex. The Spares budget has also been footnoted.

Date: February 2003

AIRCRAFT COST ANALYSIS P-5 Cost Sheet

Aircraft model: KC-130J (MYP) $ in thousands

		Prior Years	FY 2002 Qty: 2		FY 2003 Qty: 4		FY 2004 Qty:		**FY 2005 Qty: 4	
		Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost
1	Airframe CFE	626,900.000	66,900.000	133,800.000	67,900.000	271,600.000			69,900.000	279,600.000
2	CFE Electronics									
3	GFE Electronics	7,788.766	1,334.547	2,669.094	1,145.486	4,581.944			1,194.110	4,776.440
4	Engines/Eng Acc									
5	Armament									
6	Other GFE	2,025.969	339.901	679.802	188.365	753.460			196.361	785.444
7	Rec Flyaway ECO									
8	Rec Flyaway Cost	636,714.735	68,574.448	137,148.896	69,233.851	276,935.404			71,290.471	285,161.884
9	Non-Recur Cost	1,200.000								
10	Ancillary Equip									
11										
12	Total Flyaway	637,914.735		137,148.896		276,935.404				285,161.884
13	Airframe PGSE	998.332		81.000		1,821.902				
14	Engine PGSE	1,179.120				1,126.266				
15	Avionics PGSE	2,255.378		90.000		364.381				
16	Pec Trng Eq	13,425.000						26,068.523		26,616.583
17	Pub/Tech Eq	1,913.377		297.203		52.678		53.784		54.915
18	Other ILS*	35,539.742		9,040.463		10,565.306		4,782.340		4,294.755
19	Prod Eng Supt	20,287.276		8,220.438		7,571.505		8,258.353		4,269.863
20	APN-4 Spares	18,600.040				1,301.558				
21	Support Cost	94,198.265		17,729.104		22,803.596		39,163.000		35,236.116
22	Gross P-1 Cost	732,113.000		154,878.000		299,739.000		39,163.000		320,398.000
23	Adv Proc Credit									(42,350.000)
24	Net P-1 Cost	732,113.000		154,878.000		299,739.000		39,163.000		278,048.000
25	Adv Proc CY					8,350.000		40,000.000		38,895.000
26	Weapon System Cost	732,113.000		154,878.000		308,089.000		79,163.000		316,943.000
27	Initial Spares	2,591.000		14,378.000		13,561.000				21,152.000
28	Procurement Cost	734,704.000		169,256.000		321,650.000		79,163.000		338,095.000

** For years FY05 through FY08, $8M has been added per year to cover a $2M unit cost increase that will be incurred by moving to an advanced procurement strategy. These funds will come from the APN BA-6 Spares account. This increase is not reflected in the printed FYDP and Procurement Annex. The Spares budget has also been footnoted.

AIRCRAFT COST ANALYSIS
P-5 Cost Sheet

Date: February 2003

Aircraft model: KC-130J (MYP)

$ in thousands

		**FY 2006 Qty: 4		**FY 2007 Qty: 4		**FY 2008 Qty: 4		FY 2009 Qty: 5		To Complete	TOTAL
		Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Cost	COST
1	Airframe CFE	69,900.000	279,600.000	69,900.000	279,600.000	69,900.000	279,600.000	71,047.457	355,237.287	1,139,067.747	3,645,005.034
2	CFE Electronics										
3	GFE Electronics	1,219.139	4,876.556	1,244.830	4,979.320	1,270.962	5,083.848	1,297.644	6,488.220	17,644.166	58,888.354
4	Engines/Eng Acc										
5	Armament										
6	Other GFE	200.477	801.908	204.701	818.804	208.998	835.992	213.386	1,066.930	2,901.427	10,669.736
7	Rec Flyaway ECO										
8	Rec Flyaway Cost	71,319.616	285,278.464	71,349.531	285,398.124	71,379.960	285,519.840	72,558.487	362,792.437	1,159,613.340	3,714,563.124
9	Non-Recur Cost										1,200.000
10	Ancillary Equip										
11											
12	Total Flyaway		285,278.464		285,398.124		285,519.840		362,792.437	1,159,613.340	3,715,763.124
13	Airframe PGSE		1,939.048								4,840.282
14	Engine PGSE		1,198.684								3,504.070
15	Avionics PGSE		387.810								3,097.569
16	Pec Trng Eq		27,174.475								93,284.581
17	Pub/Tech Eq		56.066		57.247		58.449		59.676	251.487	2,854.882
18	Other ILS		12,538.472		4,702.917		4,816.003		4,312.300	31,289.546	121,881.845
19	Prod Eng Supt		6,735.981		8,359.712		7,554.708		7,024.587	31,795.816	110,078.238
20	APN-4 Spares										19,901.598
21	Support Cost		50,030.536		13,119.876		12,429.160		11,396.563	63,336.849	359,443.065
22	Gross P-1 Cost		335,309.000		298,518.000		297,949.000		374,189.000	1,222,950.189	4,075,206.189
23	Adv Proc Credit		(40,895.000)		(41,012.000)		(41,035.000)		(39,009.000)		-204,301.000
24	Net P-1 Cost		294,414.000		257,506.000		256,914.000		335,180.000	1,222,950.189	3,870,905.189
25	Adv Proc CY		39,012.000		39,035.000		39,009.000				204,301.000
26	Weapon System Cost		333,426.000		296,541.000		295,923.000		335,180.000	1,222,950.189	4,075,206.189
27	Initial Spares		12,710.000		23,939.000		19,868.000		17,317.000	71,690.752	197,206.752
28	Procurement Cost		346,136.000		320,480.000		315,791.000		352,497.000	1,294,640.941	4,272,412.941

** For years FY05 through FY08, $8M has been added per year to cover a $2M unit cost increase that will be incurred by moving to an advanced procurement strategy. These funds w
from the APN BA-6 Spares account. This increase is not reflected in the printed FYDP and Procurement Annex. The Spares budget has also been footnoted.

CLASSIFICATION: UNCLASSIFIED

BUDGET PROCUREMENT HISTORY AND PLANNING EXHIBIT (P-5A)	Weapon System KC-130J (MYP)	A. DATE February 2003
B. APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy/BA-4	C. P-1 ITEM NOMENCLATURE KC-130J (MYP)	SUBHEAD 44A9

Cost Element/ FISCAL YEAR	QUANTITY	UNIT COST ($000)	LOCATION OF PCO	CONTRACT METHOD & TYPE	CONTRACTOR AND LOCATION	AWARD DATE	DATE OF FIRST DELIVERY	TECH DATA AVAILABLE NOW?	DATE REVISIONS AVAILABLE
Airframe/CFE									
FY 2002	2	$66,900	USAF WRIGHT PATT OHIO	FFP	LMAS MARIETTA, GA	DEC 01	MAY 04	N/A	N/A
FY 2003	4	$67,900	USAF WRIGHT PATT OHIO	MYP	LMAS MARIETTA, GA	JAN 03	OCT 05	N/A	N/A
FY 2003 Adv Proc - MYP EOQ (for FY 2005 - FY 2008)			USAF WRIGHT PATT OHIO	MYP	LMAS MARIETTA, GA	FEB 03			
FY 2004 for FY 2005 Adv Proc			USAF WRIGHT PATT OHIO	MYP	LMAS MARIETTA, GA	DEC 03			
FY 2005	4	$69,900	USAF WRIGHT PATT OHIO	MYP	LMAS MARIETTA, GA	DEC 04	JUL 05	N/A	N/A
FY 2005 for FY 2006 Adv Proc			USAF WRIGHT PATT OHIO	MYP	LMAS MARIETTA, GA	DEC 04			

D. REMARKS

PRODUCTION SCHEDULE, P-21				DATE February 2003
APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy/BA-4		Weapon System **KC-130J (MYP)**	P-1 ITEM NOMENCLATURE KC-130J	

		Production Rate			Procurement Leadtimes					
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
KC-130J	LMAS, MARIETTA, GA	N/A	N/A	N/A	0	3	N/A	21	24	E

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2002												FISCAL YEAR 2003												BAL
						2001			CALENDAR YEAR 2002									CALENDAR YEAR 2003												
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
KC-130J/LMAS	99	N	2	1	1	1																							0
KC-130J/LMAS	00	N	1	0	1		1																						0
KC-130J/LMAS	01	N	3	0	3					1				1	1														0
KC-130J/LMAS	02	N	2	0	2																								2
KC-130J/LMAS	03	N	4	0	4																								4

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2004												FISCAL YEAR 2005												BAL
						2003			CALENDAR YEAR 2004									CALENDAR YEAR 2005												
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
KC-130J/LMAS	02	N	2	0	2								1	1															0
KC-130J/LMAS	03	N	4	0	4													1	1			1	1						0
KC-130J/LMAS	05	N	4	0	4																						2	1	1	0

BUDGET ITEM JUSTIFICATION SHEET **P-40**							DATE: **February 2003**					
APPROPRIATION/BUDGET ACTIVITY **Aircraft Procurement, Navy/BA-4**							P-1 ITEM NOMENCLATURE **KC-130J ADVANCE PROCUREMENT (MYP)**					
Program Element for Code B items: **N/A**							Other Related Program Elements					
	Prior Years	ID Code	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	To Complete	Total
COST (In Millions)	**$0.000**	**A**	**$0.000**	**$8.350**	**$40.000**	**$38.895**	**$39.012**	**$39.035**	**$39.009**	**$0.000**	**$0.000**	**$204.301**

DESCRIPTION:

The KC-130J aircraft is an all metal, high-wing, long-range, land-based monoplane. It is designed for cargo, tanker and troop carrier operations. For tanker operations, the aircrew will consist of a pilot, co-pilot, augmented crew member and two air refueling observers. Features include wing mounted refueling pods, an internal cargo ramp and door, crew and cargo compartment pressurization, ground and in-flight refueling, thermal deicing systems and a Heads-Up Display (HUD). It is designed to take off and land on unimproved runways.

MISSION:

The mission of the KC-130J is to provide tactical in-flight refueling and assault support transport. As a tactical transport, it is capable of conventional or aerial delivery of personnel or cargo. The aircraft is capable of carrying 92 combat troops or 64 paratroopers with equipment or 74 litters when configured as an ambulance. The aircraft is equipped for in-flight refueling to service two aircraft simultaneously and has a removable 3,600 gallon (13,627 liter) fuel tank in the cargo compartment.

The KC-130J has the capability to refuel low-speed helicopters and high-speed jet aircraft. Aerial refueling of helicopters is normally conducted at 6,000 feet or below, at an airspeed of 115 KTS TAS and requires a ground change of the refueling basket. The KC-130J aircraft will be powered by four Allison AE 2100D3 Turbo-Prop Engines with four six-bladed composite propellers. The cockpit will include state-of-the-art electronics with Liquid Crystal Display (LCD) instrumentation. The improved power performance of the KC-130J will provide 40 percent greater range, 25 percent higher cruise ceiling, 46 percent decrease in time-to-climb, 21 percent increase in maximum speed and 41 percent decrease in maximum effort take-off run over the existing KC-130F/R/T models.

BASIS FOR FY 2004 BUDGET REQUEST:

The FY 2004 request covers termination and liability requirements for FY05 Airframe Contractor Furnished Equipment (CFE) for a quantity of 4 aircraft.

Exhibit P-10 Advance Procurement Requirements Analysis (Page 1 - Funding)				Date: **February 2003**									
Appropriation (Treas) Code/CC/BA/BSA/Item Control Number **Aircraft Procurement, Navy, Budget Activity 04, Other Aircraft, Item 23**				P-1 Line Item Nomenclature **KC-130J ADVANCE PROCUREMENT (MYP)**									
Weapon System **KC-130J**				First System (BY1) Award Date				Interval between Systems **1 Month**					
($ in Millions)													
	PLT	When Rqd	Prior Years	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	To Complete	Total
End Item Qty			11	2	4	0	4						
CFE- Airframe T.L.	24												
EOQ/Long lead													
FOR FY 2002 EOQ													
FOR FY 2003 Long Lead													
FOR FY 2003 EOQ													
FOR FY 2004Long Lead													
FOR FY 2004 EOQ													
FOR FY 2005 Long Lead						40.0							
FOR FY 2005 EOQ					2.4								
FOR FY 2006 Long Lead							38.9						
FOR FY 2006 EOQ					2.0								
FOR FY 2007 Long Lead													
FOR FY 2007 EOQ					2.0								
FOR FY 2008 Long Lead													
FOR FY 2008 EOQ					2.0								
FOR FY 2009 Long Lead													
TOTAL EOQ/Long Lead	Var.	Var.			8.4	40.0	38.9						
Total AP					8.4	40.0	38.9						

Description:

NARRATIVE DESCRIPTION:

This line item funds EOQ requirements for the MYP and termination liability for long-lead requirements for the KC-130J production program.

If the advanced procurement funding is not approved, there would be a significant increase in the cost to the government.

CLASSIFICATION:

UNCLASSIFIED

Exhibit P-10 Advance Procurement Requirements Analysis (Page 2 - Budget Justification)							Date: **February 2003**		
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number **Aircraft Procurement, Navy, Budget Activity 04, Other Aircraft, Item 23**						Weapon System **KC-130J**	P-1 Line Item Nomenclature **KC-130J ADVANCE PROCUREMENT (MYP)**		
(TOA, $ in Millions)									
	PLT	QPA	Unit Cost	FY 2003 for FY 2005 -FY 2008 Qty	FY 2003 Contract Forecast Date	FY 2003 Total Cost Request	FY 2004 for FY 2005 Qty	FY 2004 Contract Forecast Date	FY 2004 Total Cost Request
End Item		N/A				N/A			
Airframe EOQ/Long Lead	24		N.A.	MYP	Feb 03	8.4	T.L. for 4	Dec 03	40.0
Total AP						8.4			40.0

Description:

EXHIBIT MYP 1, Multiyear Procurement Criteria

PROGRAMS: CC-130J (USAF) and KC-130J (USMC)

1. Multiyear Procurement Description. This multiyear procurement (MYP) will purchase 62 aircraft (42 USAF CC-130Js, 20 USMC KC-130Js) over the period FY2003 through FY2008. The USAF and USMC will take delivery of these 62 aircraft during FY2005-2009, at a combined rate of 12, 13, 12, 13, and 12 aircraft per year (respectively). The total cost of this MYP is estimated to be $4.18B (USAF portion = $2.79B, USMC portion = $1.39B).

This MYP employs $140M economic order quantity (EOQ) funding in the program years (FY03-05) to enable accelerated aircraft production. These EOQ funds will be applied toward the production of all 62 aircraft, and will be credited to each respective program in the form of reduced payments at aircraft delivery. Advanced Procurement of $380M (USAF) & $160M (USMC) in FY04-07 will enable Lockheed Martin to authorize and place on order materials, equipment suppliers and subcontractors with sufficient lead-time to support the planned delivery schedule within the context of the Multiyear funding, prices, and cancellation ceilings. For lead time purposes, there are approximately 750 part numbers with lead times greater than 24 months and approximately 7,700 part numbers with lead times greater than 12 months.

This commercial item multiyear contract uses a combination of Economic Order Quantity and Advanced Procurement funding to provide the U.S. Government maximum savings in price and delivery schedule. In addition this multiyear contract includes production rate incentive clauses to allow the Government and Lockheed Martin to share in the benefits of increased C-130J production. The multiyear base price offer of $66.5 million for the CC-130J and $69.9 million for the KC-130J are subject to adjustment dependant on the annual production rates for calendar years 2007, 2008, and 2009. Base prices will be adjusted downward for any year additional customer orders increase the annual production rate above 18 aircraft, and upward for any calendar year 2007 through 2009 should the production rate be less than 16 aircraft.

The USAF price could increase by a maximum of $3M per aircraft in FY06/07/08 if production rate doesn't exceed 12 (USAF & USMC MYP = production rate of 12, 8 USAF / 4 USMC). The price will decrease by 750K per aircraft until a production rate of 16 is met, at which time price will be equal to base price of $66.5. Maximum liability is $24M in FY06/7/8. USMC aircraft are similar to the USAF production rate price adjustment, but at a different rate.

The USMC price will increase by a maximum of $6.2M per aircraft in FY06, FY07 and FY08 if production rate doesn't exceed 12. The price will decrease per aircraft by $1.55M per aircraft until a production rate of 16 is met, at which time price will be equal to base price of $69.9. Maximum liability is $24.8M in FY06 and FY07. Maximum liability is $52M in FY08 unless the USMC obligates advance procurement budgeted in FY08 for at least 4 aircraft fully funded in FY09 or another customer adds four aircraft in FY08.

The USAF will procure 42 CC-130J aircraft (a stretched variant of the basic C-130J aircraft that provides 15 additional feet of cargo compartment space) during FYs 2003-2008 (4, 11, 9, 9, 9 aircraft respectively) at an average unit cost of $66.5M. The USMC will procure 20 KC-130J

aircraft (a variant of the basic C-130J aircraft that provides in-flight aerial refueling capability) during FY 2003 and FYs 2005-2008 at a rate of 4 aircraft per year and at an average unit cost of $67.9M in FY2003 and $69.9M FYs 2005-2007. All aircraft are fully funded in the years they are to be ordered.

The USAF will take delivery of their 42 CC-130J aircraft as follows: FY05 (4), FY06 (11), FY07 (9), FY08 (9), FY09 (9). The USMC will take delivery of their 20 KC-130J aircraft as follows: FY05 (8), FY06 (2), FY07 (3), FY08 (4) and FY09 (3).

2. Benefits to the Government. The C-130J program successfully embodies the full intent of congressional acquisition reform initiatives as implemented by the Federal Acquisition Streamlining Act. The C-130J aircraft was designated a commercial item and a Department of Defense pilot program for acquisition reform in 1995. Lockheed Martin and its suppliers invested over $1.2 Billion on non-recurring development and the flight test program for the C-130J and its derivative configurations. As a result of this significant commercial investment, the U. S. Government did not have to fund the large development costs and flight test program or pay for the initial "learning curve" costs of early production units normally associated with a traditional defense acquisition program. This benefited the U. S. Government in the form of significant development savings and greatly reduced C-130J flyaway prices.

A commercial item multiyear procurement will provide the U. S. Government with additional significant price benefits through reduced flyaway prices for the CC-130J and KC-130J over a six-year period in exchange for a 62 aircraft procurement commitment

a. Savings and Cost Avoidance. The stability of a multiyear contract for 62 aircraft (42 like-configured USAF CC-130J and 20 like-configured KC-130Js) will enable Lockheed Martin and its suppliers to implement a more efficient planning and manufacturing cycle predicated on a production rate that supports delivery of multiyear aircraft earlier than by annual option procurement. A multiyear contract for 62 aircraft enables a stabilized production rate, configuration commonality, parts predictability, manufacturing process improvements, and reduces risks associated with production rate instability caused by fluctuating annual procurement by the US Government. This procurement stability is reflected directly in reduced unit prices versus a less stable and less predictable annual procurement. These benefits are reflected in the significant multiyear aircraft price reductions to both the USAF and USMC potentially saving the USAF $340.0 million or 10.9% and potentially saving the USMC $205.0 million or 13.1% assuming the base price of $66.5 million and $69.9 million respectively.

The savings of this multiyear versus annual option procurement are categorized as follows:

Savings Source	Comment
Vendor/Supplier Procurement	Supplier inputs make up more than 50% of CC/KC-130J aircraft's value. A USG commitment to procure 62 aircraft will provide Lockheed Martin a stable, predictable basis upon which to implement more efficient, long-term business arrangements with its vendors and suppliers. The contractor's current manufacturing process features authorization of vendor/supplier go-ahead at the start of each annual production lot. This MYP

	will permit the contractor to authorize vendor go-ahead at initial contract award, thereby allowing vendors and suppliers the flexibility to plan and manage the production of their products in a manner that will result in savings to the Government.
Annual Price Growth	No appreciable price growth is anticipated during the MYP period. However, this MYP will contain an Economic Price Adjustment clause that would cause adjustment if actual economic experience exceeds 3% annual growth.
Contractor In-plant Costs	The multiyear procurement of 62 CC/KC-130J aircraft will allow Lockheed Martin to plan and produce like-configured aircraft in an uninterrupted sequence. This will avoid configuration-related variability in the production line and permit implementation of more efficient production planning and manufacturing methods.

b. Stability of Requirements. The U.S. Air Force has had a long-standing objective to modernize its C-130 fleet and the C-130J acquisition program is a principle tenet of that effort. The USAF has a requirement for 168 C/CC-130J aircraft to replace older C-130s that are nearing the end of their economic service lives. This requirement has not changed since program inception. Under the Air Force plan CC-130J procurement is to begin ramping up starting in FY04 towards a delivery rate of 12 aircraft per year by the end of this decade. The requirement is expected to remain unchanged during the contemplated multiyear contract period with production expected to continue through 2016. The current Air Force plan replaces retiring C-130s from the active Air Force, Air National Guard and Air Force Reserve units.

The Marine Corps too has had a long-standing objective to modernize its 40-year-old KC-130 fleet with a KC-130J acquisition plan. USMC leadership testimony to Congress has consistently reinforced the urgency of the need to replace 51 active duty KC-130s on a one-for-one basis. The Marine Corps objective replacement rate is for a minimum of 4 aircraft per year. The current USMC mission capable rate has decreased 26% since the 3rd Quarter of 1999 while tanker daily tasking and operational cost growth have exceeded expectations. USMC is experiencing an accelerated inventory reduction. Advanced corrosion, airframe fatigue, and two recent operational losses have forced the USMC to retire 16% of the active tankers without replacements.

c. Stability of Funding. C-130 Modernization has been a high priority within the Air Force. It has consisted of two programs: one to replace 168 of the oldest C-130s with the new C/CC-130J, and the other to upgrade the remaining C-130s to a common avionics configuration. In 2001, the CC-130J program achieved two important milestones. First the USAF committed to stabilizing the CC-130J acquisition program in an effort to make aircraft deployment more predictable and to provide a more predictable growth plan to mature aircraft capability in support of operational requirements. Second, the Air Force increased program support to include a fully funded baseline program across the Future Year Defense Program (FYDP) as part of its FY03 President's Budget submission.

Until the FY02 President's Budget, the USMC's replacement rates have been inadequate to support its minimum replacement objective of 4 aircraft per year. The KC-130J has consistently been at the top of the Commandant's Unfunded Priority List. As a result the USMC has relied upon the Congress to provide funding for KC-130J modernization. FY03 has been a turning point primarily based on accelerated unplanned retirement and operational losses of older versions of the KC-130 tanker. The USMC has now fully funded a 20 KC-130J aircraft replacement program at a rate of 4 aircraft per year FY03, FY05-FY08 to match an urgent operational requirement from the Fleet Marine Forces.

d. Stable Configuration. The USAF C/CC-130J aircraft configuration is stable, currently on contract, and in production. The current C-130J aircraft model specification forms the USG production baseline and is included in the existing Five-Year Option Contract (FYOC) for procuring USAF C/CC-130J aircraft. This model specification will be incorporated in the MYP contract.
The baseline C/CC-130J aircraft has been thoroughly tested and certified by the Federal Aviation Administration (FAA) and the USAF. Similar versions of the C/CC-130J aircraft have been tested and placed into operational service by the British Royal Air Force, the Royal Australian Air Force, and the Italian Air Force. As of 1 April 2002, 15 C/CC-130Js have been delivered to operational USAF squadrons. Seven additional CC-130J aircraft are currently in production.

The USMC KC-130J configuration is stable, currently on contract, and in production. The model specification for this aircraft is included in the current FYOC, and will be incorporated in the MYP contract.

The KC-130J basic aircraft has been thoroughly tested and certified by the FAA and USAF. The aircraft's aerial refueling capabilities have been demonstrated in Lockheed and Navy/Marine Corps flight-testing. Navy/Marine Corps testing of the KC-130J is scheduled to complete by FY03, and KC-130J Initial Operational Capability (IOC) in the Fleet Marine Forces is planned for FY04.

The Block 5.3 configuration installed on all C/CC/KC-130J aircraft provides a stable production baseline that meets USAF and USMC needs. As with nearly every major weapon system that enters the DoD inventory, the USAF and USMC have developed plans to continue maturing their C/CC-130J and KC-130J weapon systems over time. However, the magnitudes of these changes are expected to be relatively minor in comparison to the baseline aircraft capabilities provided in the Block 5.3 configuration.

e. Realistic Cost Estimates. The funding estimates for this MYP are based on Lockheed's draft proposal for annual and multiyear procurement of 42 USAF CC-130J and 20 USMC KC-130J aircraft from FY2003 through FY2008, as well as program office estimates based on prior year (FY94-02) actual aircraft procurement costs. Knowledge gained by prior year procurement of USAF C/CC-130J and USMC KC-130J aircraft support the conclusion that the proposed multiyear prices per aircraft are favorable, and that projected savings versus annual option procurement are realistic. This MYP will be a firm fixed price contract subject

to economic price adjustments if the annual rate of inflation exceeds 3%. Base prices will be adjusted downward for any year should additional customer orders increase the annual production rate above 18 aircraft, and upward for any year 2006 through 2009 should the production rate be less than 16 aircraft.

f. Impact on National Security. The USAF C/CC-130J provides the ability to rapidly project, reinforce, and sustain U.S. and allied combat forces within a given theater of operations. The aircraft provides the capability to airland and/or airdrop combat forces and their equipment at remote, austere landing and drop zones, thus enabling decisive combat operations in support of operational and tactical-level objectives. The USAF C/CC-130J acquisition program and this MYP will significantly transform and enhance the mobility and sustainment of our armed forces.

The USMC KC-130J provides the ability to rapidly refuel Navy and Marine Corps fixed-wing fighter and vertical lift (helicopters, MV-22) aircraft in flight, thus extended their range and loiter time over specified areas of operation. The aircraft also provides the capability to insert and sustain combat forces and equipment at remote, austere landing zones, thus enabling decisive combat operations in support of operational and tactical-level objectives. The USMC KC-130J acquisition program and this MYP will significantly transform and enhance the mobility and sustainment of our armed forces.

3. Impact on Defense Industrial Base. Lacking a long-term/multiyear commitment to C-130J production, the unpredictability and instability of annual aircraft procurement is likely to cause key C-130J suppliers to withdraw from the program, create employee layoffs, and, quite possibly, force Lockheed to stop or gap the C-130J production line as early as 2005. This multiyear procurement will enable Lockheed to maintain a viable, profitable C-130J production line at its Marietta, GA facility.

4. Multiyear Procurement Summary.

USAF (CC-130J)	ANNUAL CONTRACTS	MYP CONTRACT
Procurement Quantity	42	42
Total Contract Price	$3.133B	$2.793B
Cost Savings ($)		$340M
Cost Savings (%)		10.9%

USMC (KC-130J)	ANNUAL CONTRACTS	MYP CONTRACT
Procurement Quantity	20	20
Total Contract Price	$1.563B	$1.390B
Cost Savings ($)		$173.0M
Cost Savings (%)		11.1%

Total	ANNUAL CONTRACTS	MYP CONTRACT
Procurement Quantity	62	62
Total Contract Price	$4.696B	$4.183B
Cost Savings ($)		$513.0M
Cost Savings (%)		10.9%
Cancellation Ceiling (highest point)		$474.2M (FY04)
Funded		$158.7M
Unfunded		$315.5M*

* Sufficient funds are available within the Aircraft Procurement, Air Force/Navy appropriation to cover the unfunded portion of cancellation ceiling.

EXHIBIT MYP-2, Total Program Funding Plan				Date Febuary - 2003				
Appropriation (Treasury Code)/CC/BA/BSA/Item Control Number **Aircraft Procurement, Air Force, Budget Activ**				P-1 Line Item Nomenclature **C-130J**				
	Budget Year 1	Budget Year 2	Budget Year 2+1	Budget Year 2+2	Budget Year 2+3	Budget Year 2+4	Budget Year 2+5	TOTAL
	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	
Annual Procurement								
Proc Quantity	4	4	15	13	13	13		62
Gross Cost	463.47	415.10	1378.70	1268.94	1225.28	1388.05		6139.54
Less PY Adv Proc	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Net Proc	463.47	415.10	1378.70	1268.94	1225.28	1388.05		6139.54
Plus CY Adv Proc	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Total Annual Cost	463.47	415.10	1378.70	1268.94	1225.28	1388.05		6139.54
Multiyear Procurement								
Proc Qty	4	4	15	13	13	13		62
Gross Cost	439.25	382.70	1261.36	1161.84	1112.18	1269.14		5626.47
Less PY Adv Proc		39.90	150.00	128.90	129.01	129.04		
Less CY/PY EOQ		6.67	38.05	31.21	31.21	31.21		138.35
Net Proc	439.25	336.13	1073.31	1001.73	951.96	1108.89		4911.27
Plus CY Adv Proc	39.90	150.00	128.90	129.01	129.04			
Plus CY EOQ	38.35	40.00	60.00	0.00	0.00	0.00		138.35
Total Multiyear Cost	517.50	526.13	1262.21	1130.74	1081.00	1108.89		5626.47
Multiyear Savings ($)	-54.03	-111.03	116.49	138.20	144.28	279.16		**513.07**

Remarks

This chart compares the total program funding for annual and multiyear procurement and support of USAF C/CC-130J and USMC KC-130J aircraft. Multiyear procurement costs are based on Lockheed's draft proposal and program office estimates.

EXHIBIT MYP-2, Total Program Funding Plan				Date February-2003				
Appropriation (Treasury Code)/CC/BA/BSA/Item Control Number **Aircraft Procurement, Air Force, Budget Activity 02, Airlift Aircraft, Item No. 10**				P-1 Line Item Nomenclature **C-130J**				
	Budget Year 1	Budget Year 2	Budget Year 2+1	Budget Year 2+2	Budget Year 2+3	Budget Year 2+4	Budget Year 2+5	TOTAL
	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	
Annual Procurement								
Proc Quantity	0	4	11	9	9	9		42
Gross Cost	139.51	375.94	1030.10	899.43	886.56	1043.90		4375.44
Less PY Adv Proc	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Net Proc	139.51	375.94	1030.10	899.43	886.56	1043.90		4375.44
Plus CY Adv Proc	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Total Annual Cost	139.51	375.94	1030.10	899.43	886.56	1043.90		4375.44
Multiyear Procurement								
Proc Qty	0	4	11	9	9	9		42
Gross Cost	139.51	343.54	940.96	826.53	813.66	971.19		4035.39
Less PY Adv Proc	0.00	39.90	110.00	90.00	90.00	90.00		
Less PY EOQ	0.00	6.67	35.70	29.21	29.21	29.21		130.00
Net Proc	139.51	296.97	795.26	707.32	694.45	851.98		3485.49
Plus CY Adv Proc	39.90	110.00	90.00	90.00	90.00	0.00		
Plus CY EOQ	30.00	40.00	60.00	0.00	0.00	0.00		130.00
Total Multiyear Cost	209.41	446.97	945.26	797.32	784.45	851.98		4035.39
Multiyear Savings ($)	-69.90	-71.03	84.84	102.11	102.11	191.92		**340.05**
Multiyear Savings (%)	-50.10%	-18.89%	8.24%	11.35%	11.52%	18.38%		**7.77%**

Remarks

This chart compares the total program funding for annual and multiyear procurement and support of USAF C/CC-130J aircraft. Multiyear procurement costs are based on Lockheed's proposal and program office estimates.

EXHIBIT MYP-2, Total Program Funding Plan						Date February 2003						
Appropriation (Treasury Code)/CC/BA/BSA/Item Control Number Aircraft Procurement, Navy, Budget Activity 04, Other Aircraft, Item No. 22						P-1 Line Item Nomenclature **KC-130J (MYP)**						
	Budget Year 1	Budget Year 2	Budget Year 2+1	Budget Year 2+2	Budget Year 2+3	Budget Year 2+4	Budget Year 2+5	Budget Year 2+6	Budget Year 2+8	Budget Year 2+9	Budget Year 2+10	TOTAL
TY$M	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009*	FY 2010	FY 2011	FY 2012	FY 2013	
Annual Procurement												
Proc Quantity	4	0	4	4	4	4						20
Gross Cost	323.939	39.163	348.598	369.509	338.718	344.149						1,764.076
Less PY Adv Proc	0.000	0.000	0.000	0.000	0.000	0.000						0.000
Net Proc	323.939	39.163	348.598	369.509	338.718	344.149						1,764.076
Plus CY Adv Proc	0.000	0.000	0.000	0.000	0.000	0.000						0.000
Total Annual Cost	323.939	39.163	348.598	369.509	338.718	344.149						1,764.076
Multiyear Procurement												
Proc Qty	4	0	4	4	4	4						20
Gross Cost	299.739	39.163	320.398	335.309	298.518	297.949						1,591.076
Less AP/EOQ	0.000	0.000	(42.350)	(40.895)	(41.012)	(41.035)						(165.292)
Net Proc	299.739	39.163	278.048	294.414	257.506	256.914						1,425.784
AP for FY 05	2.350	40.000										42.350
AP for FY 06	2.000		38.895									40.895
AP for FY 07	2.000			39.012								41.012
AP for FY 08	2.000				39.035							41.035
Total Adv Proc/EOQ	8.350	40.000	38.895	39.012	39.035	0.000						165.292
Total Multiyear Cost	308.089	79.163	316.943	333.426	296.541	256.914						1,591.076
Multiyear Savings ($)	15.850	(40.000)	31.655	36.083	42.177	87.235						173.000
Multiyear Savings (%)												9.807%
Cancellation Ceiling	30.000	176.000	165.000	160.000	126.000							
Funded	0.000	42.000	42.000	42.000	42.000							
Unfunded	30.000	134.000	123.000	118.000	84.000							
OUTLAYS												
Annual	51.830	134.222	175.553	228.541	327.992	337.463	282.000	153.968	42.691	21.901	7.915	1,764.076
Multiyear	49.294	134.361	181.185	222.208	298.508	294.634	231.455	121.182	34.985	17.354	5.909	1,591.076
Savings	2.536	(0.139)	(5.631)	6.332	29.484	42.828	50.546	32.786	7.706	4.547	2.006	173.000

Remarks:
Multiyear costs are based on Lockheed's draft proposal and program office estimates.

EXHIBIT MYP-3, Contract Funding Plan				Date Febuary-2003				
Appropriation (Treasury Code)/CC/BA/BSA/Item Control Number **Aircraft Procurement, Air Force, Budget Activ**				P-1 Line Item Nomenclature **C-130J**				
	Budget Year 1	Budget Year 2	Budget Year 2+1	Budget Year 2+2	Budget Year 2+3	Budget Year 2+4	Budget Year 2+5	TOTAL
	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	
Annual Procurement								
Proc Qty	4	4	15	13	13	13		62
Gross Cost	295.80	298.40	1128.40	985.20	991.20	997.20		4696.20
Less PY Adv Proc	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Net Proc	295.80	298.40	1128.40	985.20	991.20	997.20		4696.20
Plus CY Adv Proc	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Total Annual Cost	295.80	298.40	1128.40	985.20	991.20	997.20		4696.20
Multiyear Procurement								
Proc Qty	4	4	15	13	13	13		62
Gross Cost	271.60	266.00	1011.10	878.10	878.10	878.10		4183.00
Less PY EOQ		6.67	38.05	31.21	31.21	31.21		138.35
Less PY Adv Proc		39.90	150.00	129.01	129.01	129.04		
Net Proc	271.60	219.43	823.05	717.88	717.88	717.85	0.00	3467.69
Plus CY EOQ	38.35	40.00	60.00	0.00	0.00	0.00		138.35
Plus CY Adv Proc	39.90	150.00	128.90	129.03	129.04			
Total Multiyear Cost	349.85	409.43	1011.95	846.91	846.92	717.85	0.00	4182.91
Multiyear Savings ($)	-54.05	-111.03	116.45	138.29	144.28	279.35		**513.29**
Multiyear Savings (%)	0.00%	-37.21%	10.32%	14.04%	14.56%	28.01%		**10.93%**
Cancellation Ceiling	110.00	474.20	439.70	383.30	347.30			
Funded	39.90	158.67	167.70	161.20	161.20			
Unfunded	70.10	315.53	272.00	222.10	186.10			
OUTLAYS								
Annual	47.328	310.8	782.33	903.86	957.76	975.86	497.79	4475.73
Multiyear	114.69	299.89	507.40	732.82	858.12	740.92	763.44	4017.28
Savings	-67.36	10.91	274.93	171.04	99.64	234.94	-265.65	458.45

Remarks

Multiyear costs are based on Lockheed's draft proposal and program office estimates. Sufficient funds are available within the Aircraft Procurement, Air Force and Aircraft Procurement, Navy appropriations to cover the unfunded portion of cancellation ceiling.

EXHIBIT MYP-3, Contract Funding Plan				Date February-2003				
Appropriation (Treasury Code)/CC/BA/BSA/Item Control Number **Aircraft Procurement, Air Force, Budget Activity 02, Airlift Aircraft, Item No. 10**				P-1 Line Item Nomenclature **C-130J**				
	Budget Year 1	Budget Year 2	Budget Year 2+1	Budget Year 2+2	Budget Year 2+3	Budget Year 2+4	Budget Year 2+5	TOTAL
	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	
Annual Procurement								
Proc Qty	0	4	11	9	9	9		42
Gross Cost	0.00	298.40	820.60	671.40	671.40	671.40		3133.20
Less PY Adv Proc	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Net Proc	0.00	298.40	820.60	671.40	671.40	671.40		3133.20
Plus CY Adv Proc	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Total Annual Cost	0.00	298.40	820.60	671.40	671.40	671.40		3133.20
Multiyear Procurement								
Proc Qty	0	4	11	9	9	9		42
Gross Cost	0.00	266.00	731.50	598.50	598.50	598.50		2793.00
								0.00
Less PY AP/EOQ	0.00	46.57	145.70	119.21	119.21	119.21		
Net Proc	0.00	219.43	585.80	479.29	479.29	479.29		2243.10
AP for FY04	42.75	3.81						
AP for FY05	7.86	120.48	17.37					
AP for FY06	6.43	8.57	104.21					
AP for FY07	6.43	8.57	14.21	90.00				
AP for FY08	6.43	8.57	14.21		90.00			
Total AP/EOQ	69.90	150.00	150.00	90.00	90.00	0.00		
Plus CY EOQ	30.00	40.00	60.00	0.00	0.00	0.00		130.00
Plus CY Adv Proc	39.90	110.00	90.00	90.00	90.00	0.00		419.90
Total Multiyear Cost	69.90	369.43	735.80	569.29	569.29	479.29		2793.00
Multiyear Savings ($)	-69.90	-71.03	84.80	102.11	102.11	192.11		**340.20**
Multiyear Savings (%)		-23.80%	10.33%	15.21%	15.21%	28.61%		**10.86%**
Cancellation Ceiling	80.00	298.20	274.70	223.30	221.30			
Funded	39.90	116.67	125.70	119.20	119.20			
Unfunded	40.10	181.53	149.00	104.10	102.10			
OUTLAYS								
Annual	0.00	193.96	637.83	723.62	671.4	671.4	234.99	3133.20
Multiyear	69.90	182.91	358.56	549.91	601.24	479.29	551.18	2793.00
Savings	-69.90	11.05	279.27	173.71	70.16	192.11	-316.19	340.20

Remarks

Multiyear costs are based on Lockheed's proposal and program office estimates. Sufficient funds are available within the Aircraft Procurement, Air Force appropriation to cover the unfunded portion of cancellation ceiling.

EXHIBIT MYP-3, Contract Funding Plan							Date February 2003					
Appropriation (Treasury Code)/CC/BA/BSA/Item Control Number **Aircraft Procurement, Navy, Budget Activity 04, Other Aircraft, Item No. 22**							P-1 Line Item Nomenclature **KC-130J (MYP)**					
	Budget Year 1	Budget Year 2	Budget Year 2+1	Budget Year 2+2	Budget Year 2+3	Budget Year 2+4	Budget Year 2+5	Budget Year 2+6	Budget Year 2+7	Budget Year 2+8	Budget Year 2+9	TOTAL
	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	
Annual Procurement												
Proc Qty	4	0	4	4	4	4						20
Gross Cost	295.800		307.800	313.800	319.800	325.800						1,563.000
Less PY Adv Proc	0.000		0.000	0.000	0.000	0.000						0.000
Net Proc	295.800		307.800	313.800	319.800	325.800						1,563.000
Plus CY Adv Proc	0.000		0.000	0.000	0.000	0.000						0.000
Total Annual Cost	295.800		307.800	313.800	319.800	325.800						1,563.000
Multiyear Procurement												
Proc Qty	4	0	4	4	4	4						20
Gross Cost	271.600		279.600	279.600	279.600	279.600						1,390.000
Less PY EOQ	0.000		(42.350)	(40.895)	(41.012)	(41.035)						(165.292)
Net Proc	271.600		237.250	238.705	238.588	238.565						1,224.708
AP for FY 05	2.350	40.000										42.350
AP for FY 06	2.000		38.895									40.895
AP for FY 07	2.000			39.012								41.012
AP for FY 08	2.000				39.035							41.035
Total Adv Proc/EOQ	8.350	40.000	38.895	39.012	39.035	0.000						165.292
Total Multiyear Cost	279.950	40.000	276.145	277.717	277.623	238.565						1,390.000
Multiyear Savings ($)*	15.850	(40.000)	31.655	36.083	42.177	87.235						173.000
Multiyear Savings (%)												11.068%
Cancellation Ceiling	30.000	176.000	165.000	160.000	126.000							
Funded	0.000	42.000	42.000	42.000	42.000							
Unfunded	30.000	134.000	123.000	118.000	84.000							
OUTLAYS												
Annual	47.328	116.841	144.496	189.241	286.358	304.456	262.801	143.721	39.551	20.713	7.493	1,563.000
Multiyear	44.792	116.980	150.127	182.909	256.875	261.628	212.255	110.935	31.845	16.166	5.487	1,390.000
Savings	2.536	(0.139)	(5.631)	6.332	29.484	42.828	50.546	32.786	7.706	4.547	2.006	173.000

Remarks:

Costs are based on Lockheed's draft proposal and program office estimates. Sufficient funds are available within the Aircraft Procurement, Navy appropriation to cover the unfunded portion of cancellation ceiling.

EXHIBIT MYP-4, Present Value Analysis				Date February-2003				
Appropriation (Treasury Code)/CC/BA/BSA/Item Control Number **Aircraft Procurement, Air Force, Budget Activity 02, Airlift Aircraft, Item No. 10**				P-1 Line Item Nomenclature **C-130J**				
	Budget Year 1	Budget Year 2	Budget Year 2+1	Budget Year 2+2	Budget Year 2+3	Budget Year 2+4	Budget Year 2+5	TOTAL
	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	
Annual Procurement								
Then Year Cost	0.00	298.40	820.60	671.40	671.40	671.40		3133.20
Constant Year Cost	0.00	286.37	773.42	620.52	609.26	597.86		2887.43
Present Value	0.00	282.45	742.04	579.12	553.13	528.00		2684.73
Multiyear Procurement								
Then Year Cost	0.00	266.00	731.50	598.50	598.50	598.50		2793.00
Constant Year Cost	0.00	255.28	689.44	553.14	543.10	532.95		2573.92
Present Value	0.00	251.78	661.47	516.24	493.07	470.67		2393.23
Difference								
Then Year Cost	0.00	32.40	89.10	72.90	72.90	72.90		340.20
Constant Year Cost	0.00	31.09	83.98	67.38	66.15	64.92		313.51
Present Value	0.00	30.67	80.57	62.88	60.06	57.33		291.51

Remarks

Constant year costs are expressed in base year (BY) FY 2003 dollars. Present value analysis was calculated in accordance with DoD Instruction 7041.3.

EXHIBIT MYP-4, Present Value Analysis							Date February 2003					
Appropriation (Treasury Code)/CC/BA/BSA/Item Control Number **Aircraft Procurement, Navy, Budget Activity 04, Other Aircraft, Item No. 22**							P-1 Line Item Nomenclature **KC-130J (MYP)**					
	Budget Year 1	Budget Year 2	Budget Year 2+1	Budget Year 2+2	Budget Year 2+3	Budget Year 2+4	Budget Year 2+5	Budget Year 2+6	Budget Year 2+7	Budget Year 2+8	Budget Year 2+9	TOTAL
	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	
Annual Procurement												
TY$M Outlay	47.328	116.841	144.496	189.241	286.358	304.456	262.801	143.721	39.551	20.713	7.493	1,563.000
BY04$M Outlay	47.328	116.841	142.718	182.137	272.409	284.638	242.504	132.078	36.510	18.997	6.826	1,482.985
PV (BY04$M)	47.328	113.548	134.787	167.168	242.974	246.727	204.280	107.404	28.660	14.396	4.994	1,312.265
Multiyear Procurement												
TY$M Outlay	44.792	116.980	150.127	182.909	256.875	261.628	212.255	110.935	31.845	16.166	5.487	1,390.000
BY04$M Outlay	44.792	116.865	148.249	176.338	244.505	244.913	196.145	102.078	29.431	14.838	4.999	1,323.151
PV (BY04$M)	44.792	113.572	140.010	161.845	218.085	212.293	165.228	83.008	23.103	11.244	3.657	1,176.837
Difference												
TY$M Outlay	2.536	-0.139	-5.631	6.332	29.484	42.828	50.546	32.786	7.706	4.547	2.006	173.000
BY04$M Outlay	2.536	-0.024	-5.531	5.800	27.904	39.725	46.359	30.000	7.079	4.159	1.828	159.834
PV (BY04$M)	2.536	-0.024	-5.223	5.323	24.889	34.434	39.052	24.396	5.557	3.152	1.337	135.428
MYP Savings (PV$)	2.536	-0.024	-5.223	5.323	24.889	34.434	39.052	24.396	5.557	3.152	1.337	135.428
MYP Savings (%)	5.358%	-0.021%	-3.875%	3.184%	10.243%	13.956%	19.117%	22.714%	19.389%	21.892%	26.776%	10.320%
Remarks: Constant year costs are expressed in base year (BY) FY 2003 dollars. Present value analysis was calculated in accordance with DoD Instruction 7041.3.												

CLASSIFICATION: UNCLASSIFIED

BUDGET ITEM JUSTIFICATION SHEET
P-40

DATE: February 2003

APPROPRIATION/BUDGET ACTIVITY
Aircraft Procurement, Navy/BA-4

P-1 ITEM NOMENCLATURE
F-5 Adversary

Program Element for Code B Items:

Other Related Program Elements

	Prior Years	ID Code	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	To Complete	Total Program
QUANTITY			*	4	4	4	1	1	1	1	16	32
Net P-1 Cost ($M)			*	1.970	1.947	1.945	0.488	0.488	0.488	0.487	8.000	15.813
Advance Proc ($M)												
Wpn Sys Cost ($M)				1.970	1.947	1.945	0.488	0.488	0.488	0.487	8.000	15.813
Initial Spares ($M)												
Proc Cost ($M)				1.970	1.947	1.945	0.488	0.488	0.488	0.487	8.000	15.813
Unit Cost ($M)				0.493	0.487	0.486	0.488	0.488	0.488	0.487	0.500	0.494

Description:

The F-5E is a single seat, dual engine supersonic land based fighter. It is designed to a service life of 4000 flight hours, 4000 landings, and 5000 gear extension/retraction cycles, given a severe usage spectrum, such as the USN/USMC adversary mission. On average the USN/USMC F-5E aircraft have 7000 flight hours compared to the Swiss aircraft that average 2500 flight hours. The aircraft is powered by dual J85-21C engines. On average the F-5E has a $2500.00 per hour flight cost which is a significant savings compared to FA/18 or F-16 platform to perform Adversary training.

Mission:

The mission of the F-5E is to provide the Tactical Air Operational Fleet with Adversary training during the Strike Fighter Advanced Readiness Program (SFARP). As a supersonic aircraft, it is capable of multi-threat environment, bringing virtually every potential adversary our Navy and Marine Corps might face. Most sorties flown by the F-5E involve multi-aircraft scenarios flying against deploying F/A-18 and F-14 fighter aircraft. This mission cannot be fulfilled through non-material alternatives.

Basis for FY 2004 Request:

Funds are requested in FY 2004 for the procurement of four F-5 Adversary aircraft from the government of Switzerland to replace as one-for-one replacement for USN high time aircraft.

* In FY 2002 the Department of the Navy has request a Prior Approval Reprogramming for $0.5M to procure 1 F-5 from the Swiss Government.

Date: February-03

AIRCRAFT COST ANALYSIS P-5 Cost Sheet

Aircraft model: SWISS F-5 ADVERSARY AIRCRAFT

$ in thousands

		Prior Years	FY 2002		FY 2003		FY 2004		FY 2005	
			Qty:		Qty: 4		Qty: 4		Qty: 4	
		Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost
1	Airframe CFE				0.493	1.970	0.487	1.947	0.486	1.945
2	CFE Electronics									
3	GFE Electronics									
4	Engines/Eng Acc									
5	Armament									
6	Other GFE									
7	Rec Flyaway ECO									
8	Rec Flyaway Cost									
9	Non-Recur Cost									
10	Ancillary Equip									
11										
12	Total Flyaway				0.493	1.970	0.487	1.947	0.486	1.945
13	Airframe PGSE									
14	Engine PGSE									
15	Avionics PGSE									
16	Pec Trng Eq									
17	Pub/Tech Eq									
18	Other ILS									
19	Prod Eng Supt									
20										
21	Support Cost									
22	Gross P-1 Cost				0.493	1.970	0.487	1.947	0.486	1.945
23	Adv Proc Credit									
24	Net P-1 Cost				0.493	1.970	0.487	1.947	0.486	1.945
25	Adv Proc CY									
26	Weapon System Cost				0.493	1.970	0.487	1.947	0.486	1.945
27	Initial Spares									
28	Procurement Cost				0.493	1.970	0.487	1.947	0.486	1.945

AIRCRAFT COST ANALYSIS
P-5 Cost Sheet

Date: February-03

Aircraft model: SWISS F-5 ADVERSARY AIRCRAFT

$ in thousands

		FY 2006 Qty:		FY 2007 Qty:		FY 2008 Qty:		FY 2009 Qty:		To Complete	TOTAL
		Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Cost	COST
1	Airframe CFE									9.951	15.813
2	CFE Electronics										
3	GFE Electronics										
4	Engines/Eng Acc										
5	Armament										
6	Other GFE										
7	Rec Flyaway ECO										
8	Rec Flyaway Cost										
9	Non-Recur Cost										
10	Ancillary Equip										
11											
12	Total Flyaway									9.951	15.813
13	Airframe PGSE										
14	Engine PGSE										
15	Avionics PGSE										
16	Pec Trng Eq										
17	Pub/Tech Eq										
18	Other ILS										
19	Prod Eng Supt										
20											
21	Support Cost										
22	Gross P-1 Cost									9.951	15.813
23	Adv Proc Credit										
24	Net P-1 Cost									9.951	15.813
25	Adv Proc CY										
26	Weapon System Cost									9.951	15.813
27	Initial Spares										
28	Procurement Cost									9.951	15.813

CLASSIFICATION: UNCLASSIFIED

BUDGET PROCUREMENT HISTORY AND PLANNING EXHIBIT (P-5A)	Weapon System	A. DATE February-03
B. APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy/BA-4	C. P-1 ITEM NOMENCLATURE F-5 Adversary	SUBHEAD 45CV

Cost Element/ FISCAL YEAR	QUANTITY	UNIT COST ($000)	LOCATION OF PCO	RFP ISSUE DATE	CONTRACT METHOD & TYPE	CONTRACTOR AND LOCATION	AWARD DATE	DATE OF FIRST DELIVERY	TECH DATA AVAILABLE NOW?	DATE REVISIONS AVAILABLE
Airframe/CFE										
FY 2002	0	0								
FY 2003	4	0.493	NAVAIR		FFP	SWISS GOVERNMENT SWITZERLAND	02/03	03/03	N/A	N/A
FY 2004	4	0.487	NAVAIR		FFP	SWISS GOVERNMENT SWITZERLAND	11/03	12/03	N/A	N/A
FY 2005	4	0.486	NAVAIR		FFP	SWISS GOVERNMENT SWITZERLAND	11/04	12/04	N/A	N/A

D. REMARKS

PRODUCTION SCHEDULE, P-21 | DATE February 2003

APPROPRIATION/BUDGET ACTIVITY: Aircraft Procurement, Navy/BA4 | Weapon System | P-1 ITEM NOMENCLATURE: **F-5 Adversary**

		Production Rate			Procurement Leadtimes					
Item	Manufacturer's Name and Location	MSR	ECON	MAX	ALT Prior to Oct 1	ALT After Oct 1	Initial Mfg PLT	Reorder Mfg PLT	Total	Unit of Measure
F-5	Swiss Government	N/A	N/A	N/A	0	1	0	0	1	E
	Switzerland									

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2002												FISCAL YEAR 2003										BAL
						2001			CALENDAR YEAR 2002												CALENDAR YEAR 2003									
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
F-5/Swiss Government	03	N	4	4	0																	A	1	1	1	1				0

ITEM / MANUFACTURER	FY	SVC	QTY	DEL	BAL	FISCAL YEAR 2004												FISCAL YEAR 2005										BAL
						2003			CALENDAR YEAR 2004												CALENDAR YEAR 2005									
						OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
F-5/Swiss Government	04	N	4	4	0		A	1	1	1	1																		0
F-5/Swiss Government	05	N	4	4	0														A	1	1	1	1						0